

ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

NANCY L. MCLERNON, PRESIDENT & CHIEF EXECUTIVE OFFICER

March 22, 2010

Finance, Revenue and Bonding Committee
Room 3700, Legislative Office Building
Hartford, CT 06106
Phone: 860-240-0460

Members of the Committee:

This letter is submitted on behalf of the Organization for International Investment ("OFII") and comments on Connecticut's Proposal to Amend Its Law Concerning Payments to Related Entities (Raised Bill No. 478) and its Proposal to Amend its Combined Group Reporting Law (Raised Bill No. 485). At a time when Connecticut is seeking to bring business, investment and jobs into the State, OFII believes these Bills will discourage corporations from investing capital and creating and maintaining jobs in Connecticut and place it at a disadvantage compared to other States.

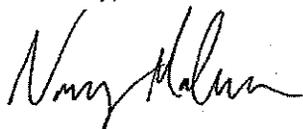
OFII is a business association representing the interests of U.S. subsidiaries of companies based abroad, which employ more than 104,000 in Connecticut. A list of the members of OFII is attached as Annex A to this letter.

Raised Bill No. 478 would remove the unreasonableness exception as it relates to the deductibility of legitimate intangible (e.g. royalty) payments made to a related company, either domestic or foreign (non-U.S.). As Connecticut is the only state in the United States without specific enumerated exceptions to its addback rules, the unreasonableness exception was the only option afforded to taxpayers to validate the deductibility of legitimate, related party intangible payments.

Raised Bill No. 485 modifies Connecticut's combined reporting to potentially include a non-U.S. affiliate with no Connecticut presence to Connecticut taxation. This Bill runs afoul of the taxing regime of nearly every other state, federal tax law, income tax treaties and the international norms of taxation. There is no justification for making this change to the existing combined reporting rules.

OFII understands that Raised Bills No. 478 and 485 were introduced to curb perceived abuses and we fully support these goals. As drafted, however, these Bills penalize and tax legitimate business activities while replacing statutes which Connecticut already uses effectively to address potential abuses. We urge you to vote against Raised Bill No. 478 and Raised Bill No. 485 as currently drafted.

Sincerely,



Nancy McLernon
President & CEO
Organization for International Investment

ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

OFII is the only business association in Washington D.C. that exclusively represents U.S. subsidiaries of foreign companies and advocates for their non-discriminatory treatment under state and federal law.

Members

ABB Inc.	Evonik Degussa Corporation	Rio Tinto America
ACE INA Holdings, Inc.	Experian	Roche Financial USA, Inc.
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Allianz of North America	GlaxoSmithKline	Shell Oil Company
ALSTOM	Hanson North America	Siemens Corporation
AMEC	Hitachi, Ltd.	Smith & Nephew, Inc.
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Barclays Capital	John Hancock Life Insurance Co.	Swiss Re America Holding Corp.
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Bayer Corp.	Logitech Inc.	Tate & Lyle North America, Inc.
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Bimbo Foods, Inc.	Louisiana Energy Service (LES)	Thales USA, Inc.
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Boehringer Ingelheim Corp.	Macquarie Aircraft Leasing Services	ThyssenKrupp USA, Inc.
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BP	Maersk Inc	Toa Reinsurance Company of America
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Brother International Corp.	Marvell Semiconductor	TOTAL Holdings USA, Inc.
Brunswick Group	McCain Foods USA	Toyota Motor North America
BT	Michelin North America, Inc.	Tyco International (US), Inc.
Bunge Ltd.	Miller Brewing Company	Tyco Electronics
Case New Holland	Mitsubishi Electric & Electronics	UBS
CEMEX USA	Munich Re	Umicore USA
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EMD Serono Inc.	Reed Elsevier Inc.	
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