

2142

Sponsor(s): Representative Conway

Brief Description: Protecting taxpayers and shareholders from expatriate corporations.

**HB 2142 - DIGEST**

Finds and declares: (1) A growing number of publicly traded companies based in the United States are flouting United States taxation and legal protections of investors by reincorporating, in name only, in Bermuda, the Cayman Islands, and other tax haven countries;

(2) This practice, also known as "corporate expatriation," is part of a larger pattern of deception and lack of integrity in the corporate boardroom that has harmed the marketplace and investors;

(3) An expatriate company is a United States based company that has moved in name and on paper only to a tax haven country and has no substantial business activities in the country of reincorporation;

(4) These paper relocations result in a substantial weakening of shareholders' rights and significant tax avoidance; and

(5) For these reasons, it is not in the best interests of the state and its citizens to use public funds to do business with publicly held expatriate companies.