

Good Afternoon,

My name is David Logan, I am the president and an owner of Autumn Harp in Essex Junction VT. We are a privately held Sub Chapter S manufacturing company with over 200 employees and \$12 million in payroll. This morning when I was listening to VPR there was a segment about the Governor's efforts to encourage economic development. This is very interesting as the legislature is pushing to increase Vermont's tax rate by 2.15% to 11.21%. I believe VT will be second to CA with the highest State income tax rate in the country.

We recently expanded our facility and have spent \$11.5 million to grow our business in VT. If I had known that our tax rate was going to increase by 24% we would not have expanded in VT.....4 months after completion we receive a 24% tax increase?? Additionally with the recent Federal tax reform and the lack of deductibility of State income taxes, VT is even more economically unattractive. Our federal tax rate effectively increases by 11% due to VT's high state income tax.

Over the next 3 years we were planning to invest \$3 million per year in VT to continue improving manufacturing efficiency and diversify our product offering. We will be reviewing this situation and explore expansion outside of VT. Equipment is only equipment and needs human capital to make it all work, the jobs will follow the investments. I'm not sure expanding in the current VT business environment makes sense for Autumn Harp. The risk of an irresponsible State government with unlimited appetite for taxation is too risky for a privately held business.

Additionally I recently passed on investing \$1.5 million in a VT opportunity. Going forward I will be investing in opportunities outside the state of VT. I have ownership in businesses outside the state with lower tax rates. In particular we have a manufacturing business in MA

where the tax rate is 5.1%. With the proposed increase I will pay an additional 6% to the state of VT on all income earned in MA. When do I say enough is enough.

I have also read about the Governor wanting to attract and keep young people in VT to support our aging population. We recently hired 2 young couples from out of state with kids.....high income professionals, exactly who the state is trying unsuccessfully to attract. We need to have places for young couples to work. Also I am here today with Hillary Burrows our Chief Operating Officer. Hillary grew up in Essex, went to UVM under graduate and graduate, receiving her MBA. She is married with two young kids. It is really important to have opportunities for people with her drive and talent. Keeping talent people like Hillary in VT is a significant life time annuity for the State. We have also provided opportunities for new Americans. They joined us as unskilled labor, and today some have grown into group leaders, making significant contributions to Autumn Harp and their communities.

I have talked with David Sharp, Jim Condon and Janet Ancel, very nice people, however somewhat limited in their knowledge of tax policy, rates, and the economic realities that businesses deal with. I would appreciate a call so we may discuss, or would be happy to meet you at our facility in Essex Junction to see the investments we are making to remain globally competitive in an uncompetitive State. David Logan