



10 Imtec Lane  
Bellows Falls, VT, US 05101  
800-824-7662

## Who is Chroma?

Chroma is a **100% employee-owned** advanced manufacturing company located in one of the poorest locations in Vermont, Bellows Falls. We're proud to offer good jobs to Vermonters, and be part of **the contribution manufacturing makes to Vermont (~8% of GDP, ~9% of employment)**. **Our survival matters.**

Using technologies similar to those used to make chips at Global Foundries, Chroma creates **optical filters** used in medical equipment, microscopes, telescopes, and consumer products. Optical filters help block unwanted light while transmitting just the colors needed, making it possible to see details of the tiniest cells or huge galaxies, or perform something as common as a covid-19 PCR test.

While we have sales offices in China, Japan, Germany, and throughout the US, **100% of our manufacturing is located right here in Vermont**. We have 145 employees, and anyone with us longer than a year becomes a shareholder of the company, too. As an employee-owned company, we provide ourselves with generous health care coverage, retirement savings, and profit sharing. We've been **one of Vermont's Best Places to Work for 7 years running**.

## R&D at Chroma, and Impact on Vermont

Chroma started in Brattleboro 35 years ago, and our early success was built on the new idea that computers and automation could allow the creation of optical filters of greater complexity and performance than ever possible before. From the beginning, **Chroma's success has been tied to innovations** that allow us to do things that others can't do, or better than anyone else can do.

During the pandemic, **Chroma crossed the \$40M revenue mark**. Our sales, and our competition, are global. **We compete head-to-head not just with American companies, but also those in Asia and Europe**. Like us, our competition excels in advanced manufacturing, but also often benefits from substantial government support and vastly cheaper labor markets.

R&D continues to be essential in this global competition. The cost structure in Vermont does not allow companies to compete head-to-head on commodity products. Our labor costs and availability, energy costs, and tax structure are significant economic factors that make running a profitable business very difficult. **Vermont companies must offer something better in order to win the business. Technology innovation is that differentiator.**



10 Imtec Lane  
Bellows Falls, VT, US 05101  
800-824-7662

## Impact of Proposed Changes

### For Vermont

- **An investment in R&D is an investment in Vermont's future.**
- R&D is essential for Vermont companies to remain competitive in local, national, and international markets. If you're not innovating, you're dying.
- For new or smaller businesses, it can be challenging to build the habits and processes needed for continual R&D. These tax credits encourage companies to build the programs and good habits needed to ensure R&D is a regular ongoing part of the business.

### For Chroma

- They represent a meaningful increase in the motivation to invest in R&D.
- The proposed credit increase comes close to supporting another full-time hire, allowing Chroma to not have to choose between R&D and employment growth.
- This increase could tip the balance between investing in higher-risk higher-reward R&D, vs playing it safer with lower-payoffs.
- Chroma's greatest R&D cost is labor, so R&D tax credits are putting money into Vermont employee's pockets while making a Vermont company more competitive and efficient along the way.

**This is a win, win, win for the State, its companies, and residents.**

Some headwinds that threaten to completely offset the benefits from this bill:

- **GMP Rate Increases** - after labor, energy is our biggest expense. Despite a considerable reduction in our energy usage, our energy costs have risen substantially. **Non-energy fees alone are enough to offset the benefits of the proposed R&D tax credit expansion.**
- **Childcare Programs** - in order to help Vermont *employers*, programs need to help all *employees*. Even if they live just across the river in NH, they're paying VT childcare payroll taxes, and we need them to have access to childcare. We simply need more spots open in childcare, in our counties, available to all employees at VT companies.
- The **Vermont Employment Growth Incentive (VEGI)** program is due to sunset. Our participation in the program helped set up Chroma for our record-setting growth and profit sharing during the pandemic. In our experience, **VEGI is an important program to renew.**

Nicholas Day  
Engineer Manager, Chroma Technology Corp.  
802-428-2578  
nday@chroma.com