

Good afternoon.

I am Barbara Cole, Regional Controller for Augusta Newsprint Company, located here in Augusta. Here with me today are:

Tim Collins, Production Manager  
Jim Herrmann, Safety Director

We are a manufacturer of newsprint, very likely the paper that your daily newspaper is printed on. We employ 330 local people with an estimated indirect employment impact of about 760. Our annual payroll runs around \$35 million.

Newsprint is a commodity facing significant declines in demand over the last 10 years, resulting in many mill closures. It is imperative that the remaining mills are competitive in both domestic and international markets.

Our business is capital and energy intensive. In fact we are the largest user of energy on the Georgia Power system. This year we will pay over \$50 million for electricity before adding the 4% state sales tax and the 3% local sales tax.

You've heard various economists share that it is bad policy to tax inputs to a process and that the taxing should be done on the final product. The Georgia Public Policy Foundation also advocates for not taxing inputs to manufacturing. Energy is one of those inputs and, as you can see, a very significant one for our business. Most of our surrounding states do not fully tax energy and a few exempt it completely.

As a matter of fact, I did an informal survey of our affiliated locations in the Southeast which I have included in the information that I will leave with you. It illustrates the competitive disadvantage on our business and other manufacturers in Georgia. Over the next few years, unfortunately, some of these locations will probably close due to the decline of the newsprint market. The tax on energy in Georgia is a significant competitive disadvantage. Only the lowest cost mills will survive.

You will hear similar facts from other manufacturers as you conduct these sessions around the state.

I urge you not only to continue the existing exemptions of inputs to manufacturing but to extend the exemption to include energy used in manufacturing as well.

Thank you very much for your interest. Are there any questions?