

Good Afternoon Ladies and Gentlemen, My name is Keith Brooks. I am the site manager for BASF, one of the largest chemical manufacturers in the world. My facility mines and processes kaolin clay, which is used in over thousands of products. We have over 700 employees working in Middle Georgia that are some of the best paid workers of the state. As a past president and current officer of the Georgia Mining Association, we would like to show our support in the elimination of sales tax on energy. Energy is the second largest cost expense within our company, and the sales tax component puts us at a competitive disadvantage with other states and the global market place. As a point of interest, last year in 2009 the kaolin industry lost \$5 million, so any new taxes or regulations could be extremely detrimental to our business. In addition, we hope that this counsel recognizes that the current exemptions for sales tax on manufacturing inputs is extremely important to our industry as well as farming and other manufacturers.

Georgia must make some difficult decisions in 2010 to address the state's chronic deficit. Our quality of life, our children's education and our ability to attract manufacturing investment and jobs that it produces depends upon making hard choices now. Both dramatic structural spending and economic policy reform are crucial to Georgia's recovery. Georgia must also take steps to identify and track the underlying factors that drive and hinder our economy and our competitiveness with other states and around the globe.

We applaud the work of this tax council and wish you much success in the face of this challenged economy. Going forward we hope policymakers will realize that the sales tax on energy used in the manufacturing process discourages future investment and puts Georgia at a competitive disadvantage with other states. Currently 36 states do not apply sales taxes on utilities consumed during the manufacturing process. Georgia is one of only 10 remaining states that offer no sales tax incentives for energy used in the manufacturing process.