



Carlos Texidor
Dir. of Sun Care & Infant Care Operations

Energizer Personal Care

AN ENERGIZER COMPANY
6 Research Drive , Shelton, CT. 06484
Carlos.Texidor@energizer.com
Phone: 203-944-5594

**Testimony to the Commerce Committee
SB 903 An Act Encouraging Connecticut Manufacturing**

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Good morning Chairman LeBeau, Chairman Berger, and members of the Commerce Committee. Thank you for the opportunity to submit this testimony in support of Senate Bill 903 An Act Encouraging Connecticut Manufacturing. I am compelled to offer this testimony because of this bill's direct beneficial affect on operations at Schick's Milford plant.

Schick uses temporary labor for our seasonal packaging activity in addition to the 700+ permanent employees of Schick Wilkinson Sword. This labor assembles /packages razors and blades produced in Milford. We also do final packaging for products that are fabricated out of State such as Sun care lotions and Shave creams. This is significant incremental activity that employs between 100-600 temporary colleagues, again, in addition to our permanent staff.

Normally, materials that go into the direct manufacture of a product are treated as tax exempt. For all but 6 States in the Union, *temporary labor that is utilized in the direct building of a product, are also treated as tax exempt.* Connecticut joins West Virginia, Hawaii, New Mexico, Pennsylvania, and Ohio as the small group of States that tax Temp Labor Services used to manufacture products.

This puts the Milford Plant at a disadvantage when compared to other corporate facilities that are viable options for this activity. The Energizer Corporation can easily enjoy the tax exempt status for this operation by transferring to either Ormond Beach, Florida or Asheboro, North Carolina both of which have similar capabilities as the Milford Plant.

We would like to propose that the State consider this practice as adverse to attracting and retaining manufacturing in this area. The elimination of this tax burden makes us competitive with our sister plants around the country. The State can still retain the income tax of the 100-600 temp colleagues and the Milford Plant continues to be in a position to attract even more activity. We are not challenging the Indirect or Professional services tax since we believe it is not in scope with the definition of direct manufacturing of products. Only the *Direct Labor* is in question here.

Schick has been a key part of the business community in Milford for over 50 years. We have grown steadily while we watched other manufacturers falter and leave. We continue to look for opportunities to reduce our costs and remain competitive in the global arena. We would love nothing more than to partner with the State on issues such as this. Any help on this matter would be greatly appreciated.

Thank you and best regards,

Carlos Texidor
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