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House Commerce Committee
Statehouse
Montpelier, VT

Dear Chairman Botzow and Members of the House Commerce Committee,

I submit this testimony in lieu of a live appearance. Please accept my apologies for not being there to support these very useful changes in the VEGI Program that are now before you for consideration.

Revision is a company located in both Essex and in Newport, employing over 180 employees. We manufacture protective eyewear and supply customers throughout the world from our Essex plant. In 2012, we expanded our protective equipment market to include head protection systems, again building a market that is, increasingly, becoming international customer focused.

Revision is in a highly competitive market, dominated, mostly, by the companies owned by Luxottica (including such brands as Oakley and ESS), a multi-billion dollar eyewear monopoly that challenges, if not eliminates, many competitors, forced up the price of eyewear, and was featured in a "60 Minutes" segment in 2013 regarding their anti-competitive behavior. Despite this challenge, Revision has become a leading provider of protective eyewear, by investing in innovation, creating improved scratch resistance, fog resistance, laser threat protection, and improved comfort. In the end, as evidenced by testimonies we have received, many people have been saved wearing our equipment when they have had to operate in harm's way.

Our head protection business is similarly a very competitive environment. Our principle competitor, Gentex, has received government assistance from the State of Pennsylvania, which has assisted them in reducing their cost of production. It is therefore all the more incumbent upon Revision that every cost of production is minimized.

Revision needs to innovate and they need to grow to remain competitive in the global market space. Innovation includes new markets and it includes new and improved materials, as well as the technology to produce same. Revision, being an international business, does have choices as to where it places such expansions. While there is benefit to Vermont location decisions, a balancing of other factors does favor other locations that we have examined that are either closer to our US based customers, our suppliers, or business partners. We have also found that



the cost of initiating a new operation is significantly lower in other locations, much less the cost of operations.

VEGI has been and remains an important tool to incentive business decisions to locate in Vermont. In 2010, it incentivized an important expansion of our optical manufacturing in Essex, leading to growth in jobs and payroll that exceed the goals. It was a decision that firmed up growth of our optical business in the US, rather than at one of our Quebec locations. In 2012, VEGI was again used to save a factory that was otherwise going to be closed by its owner, MSA, with unemployment of a very skilled head protection system workforce in Newport. While Revision had been planning, up until that time, in establishing a head protection system plant near our material supplier in the South, the VEGI award changed our decision to invest in the Newport plant, despite challenges regarding old equipment, location, and facility limitations. As a result, while there have been some contract disruptions that have caused limited, temporary, layoffs, we have generally kept between 50 and 80 employees working at that location, jobs that certainly would not have existed but for VEGI.

The support that VEGI has afforded is greatly appreciated by Revision as well as by all those of us who work and live in Vermont.

Revision needs to expand again to remain competitive and faces the same decisions it has faced in 2010 and 2012. In Essex, we have already submitted a VEGI application which outlines our idea to bring onshore, some offshore component suppliers, while at the same time expanding the use of our state of the art optical molding and coating equipment for other customers outside some of our existing spectacle and goggle products. With regard to head protection, we need to implement the use of new materials, which calls for significant investments of new machinery.

As we explored VEGI this year, we found it more challenging to create the same type of opportunities we created in 2010 and 2012. The wage threshold has escalated significantly due to an unintended consequence of linkage to the minimum wage that has now been raised and indexed. The steeper rise in wage threshold is forming a rather formidable barrier to entry in the program. Workers should be paid well and VEGI should have qualified wage levels. However, this program is meant to incent what would otherwise not occur. Often, what does occur allows people to have jobs that would not otherwise exist, as well as opportunity to improve their wages, which has occurred at Revision. If the wage threshold goes as high as it is projected to grow, not many companies will see the benefit in formulating an application, and future opportunities for growth, through VEGI, will cease to exist.



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The Senate's readjustment of the wage threshold to 140% of the minimum wage, for economically challenged parts of Vermont, from the 160% level at which it exists now, is a very good change. We had hoped that the change would have gone as far as the Vermont Livable Wage, statewide, but any change to correct this issue is very helpful.

We thank you for your consideration.

Sincerely,

Gregory Maguire
Sr. Director, Legal and Government Affairs