SENATE TAXATION
EXHIBIT NO. 19
DATE 2-1-05
BILL NO. 332

Mr. Chairman and members of the Senate Tax Committee:

My name is Carl Lehrkind III and I reside at 1050 Cobb Hill Road, Bozeman, Montana. I am currently President of Lehrkind's Coca-Cola, which is a Coke plant serving Bozeman, Helena, Livingston, and the surrounding areas.

I am opposed to the Senate Bill 332. We already pay income taxes, property taxes, fuel taxes, license fees (taxes), unemployment taxes, and payroll taxes. To single out our product for an additional special tax seems totally unfair. When I was growing up there were about twenty producing plants in Montana. Currently, we have three producing plants left in Montana. It will be interesting if any remain if this special tax is enacted against our products.

Our drivers currently average around $30,000 per year in wages. As the price of soft drinks go up, which will happen if this tax is approved, many of these people will be laid off. A good price for Coke or Pepsi during the 4th of July was $3.98 per case of twenty-four cans. If you add $1.20 to that, you have increased the price per case by 25-30%, which is a huge jump. This will then cause sales to go down, causing fewer people to be employed. We need to increase good paying jobs in Montana, not eliminate them.

Let me give you another comparison. It costs us approximately $4.00 to produce one case of Coke cans and put it on our warehouse floor. A bushel of wheat sells for around 4.00. If you add $1.20 to the cost of a bushel of wheat, how many wheat farmers would still be in business?

Our businesses face the rising cost of health insurance, worker's compensation, insurance and other benefits for our employees. A special tax up and above all the other taxes we pay will put an unbelievable burden on our businesses and employees. I urge you not to pass Senate Bill 332.

Thank You!