SENATE TAXATION
EXHIBIT NO. 3
DATE 2-11-05
BILL NO. SB 343

Blue Rock Beverage Company

P.O. Box 1908 — 501 9th Ave. N.E. Sidney, Montana 59270 Phone: (406) 482-3734

SALES CENTERS:

Sidney
Montana

Glasgow
Montana

Mr. Chairman and Members of the Senate Taxation Committee:

My name is Karen Olson Beenken and I live in Sidney, MT. I am the executive vice-president of Blue Rock Beverage Company, a distributor of beer and soft drinks. Our fourth generation, small family business has been in operation since 1913, and we are very proud of our long history. I am asking you to oppose Senate Bill 343.

I was an active/appointed member of the Alcohol, Tobacco and Other Drugs Task Force in 2002. Although I was in agreement with many of the proposals made by the ATOD Task Force, I was adamantly opposed to an increase in beer taxes. We did not reach consensus on this issue and there were other members who opposed this suggestion as well. It is documented in "7.0 Written Summary ~ Items NOT Agreed To; page 94" of our document.

I believe this bill discriminates against a legal, reputable business and a local Montana industry. Our company employs a large number of Montanans. These employees are paid a competitive wage, and have excellent health care coverage which includes vision and dental, and our company pays 100% of the employees' individual premium, and extends insurance to their dependents. We also provide life insurance, disability insurance, and a profit sharing program.

We are excellent corporate citizens and contribute to over 440 charitable organizations. We are responsible in how we conduct our business. We support post-prom parties and post-graduation parties, we support local scholarship programs and prevention programs, including TIPs training for our local retailers. We actively participate in our communities through financial support and sponsorships as well as employee involvement and volunteerism.

We live in an area where the mineral extraction industry is paying wages of $20 plus per hour. Although we cannot compete with these wages, we do the best we can to retain employees and provide a safe, healthy working environment. The tax burden you are proposing to place on our industry would make it that much more difficult to compensate our employees adequately, let alone keep them employed.

Eastern Montana is challenged economically. We are NOT blessed with an influx of population and a climate and terrain that attracts outsiders. We live in a harsh climate. We do business in an area that continues to experience declining population – a loss of jobs and loss of our young people. Our beer sales remain flat. Our fuel costs rose 16% last year. Living in the rural area that we do, fuel continues to be an enormous expense. Over the last three years our health care insurance costs rose 40%. It is important to preserve good paying jobs in our area without piling on additional costs. We pay income taxes, property taxes, fuel taxes and a number business licenses which, essentially, are also taxes.

The Governor has stated that his goal is to make Montana an inviting place to do business. This tax will jeopardize the survival of a Montana business. Please vote NO on Senate Bill 343.

Respectfully submitted,

Karen Olson Beenken

Karen Olson Beenken
Sidney, MT