

BUSINESS & LABOR

EXHIBIT NO. 2
DATE 3-15-11
BILL NO. SB389

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Billings, MT

Greetings and wishes that I could be here.

Neil Kiner came to me with his new company idea and I became quickly interested in producing canned malt beverages. The problem is that current Montana laws prohibit my company from making some products that are already imported and sold in Montana, and prohibit Neil from canning them. This bill is a beautiful and straight forward remedy for this. Here are some examples of the importance of this bill:

1. Montana brewers have wanted to make the classic oak-barrel whiskey stouts that are hot products in other states and elsewhere in the world. Montana brewers cannot buy the oak barrel for making beer because the barrel contains very small amounts of residual whiskey. This bill will allow brewers to use products and flavors that contain alcohol in the making of beer and to pay beer tax on the products.
2. There are many brands of malt beverages that wholesalers can import and retailers can sell, but Montana brewers cannot make. You probably recognize brands like Bacardi Breezer, Jack and Coke, Seagrams products, and lots more. Anheiser Busch, Miller, and Coors use flavors that contain alcohol from their distillery partners to produce the malt beverages, and pay the tax on the final product. This bill will allow brewers to import flavors from a distiller and pay the tax on the final malt beverage.
3. This bill will allow Montana distilleries to sell flavors containing alcohol to Montana breweries. The bill defers tax to be paid by the brewer instead of the distiller paying tax on the flavored alcohol, only to have the brewery pay tax on the added alcohol again. Nobody agrees with double taxation.
4. Consistently, the bill allows distilleries to import flavors containing alcohol to be used in production without first paying tax on it and then paying tax on it again when it sells its product to the state warehouse. Blended whiskeys found in any liquor store in Montana are often made this way. Again, this bill eliminates double taxation on produced beverage alcohol.

Thank you for passing this bill to help Neil Kiner's new business, and me and other brewers and distillers produce products that Montanans and visitors will surely enjoy.

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