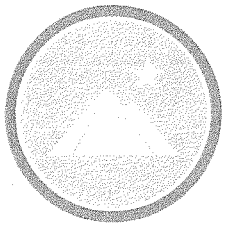
EXHIBIT 11
DATE 2-12-13
HB 420



TRIPLE DIVIDE

February 11, 2013
House Agricultural Committee

Mr. Chairman and Members of the Committee,

My name is Karen Powell, and I am the owner of Triple Divide Spirits. I am here to support House Bill 420. We are a Helena based distillery and committed to using Montana grains for our production – specifically wheat and barley at this point, although we can use a variety of crops.

My family has been in Montana for many, many generations in the Babb valley, just east of Glacier Park. I've lived in Helena since 1993, with short stint away for law school. I've worked with my husband for the past 12 years or so, and grown a very successful local business. I'm also a regulatory attorney.

When I first started this distillery project, I called around to get assistance for my new venture. I took the local economic development classes and wrote a business plan. The local economic development office wouldn't return my calls or emails. I asked around, and a friend with a family farm on the hi-line suggested that I contact the food and agricultural center in Havre.

I just want to say a few words about BearPaw Development and the food and agricultural development center. When I started this project, I have had support – but no one more than Tiffany Melby and the staff at BearPaw. She has helped with the financials and supported this from day one. I went to BearPaw specifically to get help with value-added agricultural expertise, and they have been amazing. They have helped me with every aspect of putting Montana's grains to use.

Let me speak to my business philosophy. We are here for the long haul, with a specialty product that is designed to be consumed responsibly. I am a mother – of two (soon to be) teenagers. We provide a high-end craft product designed

and marketed to be enjoyed responsibly by adults. We fully support our tax dollars going to benefit alcohol abuse prevention campaigns, prevention of underage drinking campaigns, and preventing those who are underage from drinking.

We are looking to responsible job-creation, using Montana sourced products and Montana companies for all we do. When I talk about how to make sure that our local community's economic climate is as strong as possible, it's about sustainable local business within that community, AND in the best case scenario, with a potential to grow on a national or international scale. A distillery can do that.

Alcohol is a major revenue source for the state. In fiscal year 2011, taxes and profit generated $31.5 million for the STATE. Gross sales of $106 million in Montana. (whisky is about 33% and vodka almost 28%). For the state, $9.7 million in net profit, $13.4 million in excise tax, $8.3 million in license tax. ($5.5 million went to DPHHS for rehab, prevention and treatment of alcohol related issues).

Craft distilling (and brewing) is the perfect industry for Montana. Not only is it a major revenue creator, but value-added agricultural product that can be made here, used here AND easily exported nationally and internationally.

Brewers use over 5.5 million pounds of malted grain, and about half of that comes from Montana. They sell to 5000 retailers, in 24 states. That's 88,000 barrels a year, with sales over $24 million. Montana is a top producer of malting barley.

But, it's difficult to be in one of Montana's cities and harness a strong connection to Montana's agricultural community. Tiffany Melby and her work with food and agricultural development center makes that connection possible. I was able to get a business loan with my bank, and I have connections to milling operations to purchase exactly the wheat and barley that I need.

I wish that we had more food and agricultural centers, so that I could easily sit down in the office and talk to someone face to face. And so that other entrepreneurs do not face the unnecessary roadblocks that I encountered. I fully support an increase in funding for this critical program.

Thank you, and I am available for questions.

Karen Powell
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