

SENATE COMMITTEE ON BUSINESS AND INDUSTRY

March 10, 1999

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Proponents: Todd Daniels, Kessler Brewing, Helena
Dennis Himmelberger, Himmelberger Brewing Co., Helena
Billings
Tim O'Leary, Kettlehouse Brewing, Missoula
Brian Smith, Blackfoot River Brewing Co., Helena
Kristi Blazer, MT Beer & Wine Wholesalers Assoc.
Mark Staples, MT Taverns Assoc.
Randy Johnson, MT Grain Growers Assoc.

EXHIBIT

4

DATE

3/26/13

HB

6/6

Opponents: None

Opening Statement by Sponsor:

REP. JAY STOVALL, HD 16, BILLINGS. Today I bring you **HB 442**. Under current law, micro breweries can give their product away on the premise, but this bill would allow them to sell their samples on their premise. They will be limited to 48 ounces per person between the hours of 10 a.m. to 8 p.m. This is an economic bill for Montana. These Montana breweries use Montana grain and sell to Montanans. It is a win-win situation.

Proponents' Testimony:

Todd Daniels, Kessler Brewery Co., Helena, MT Brewers Assoc. He read his testimony and handed in a copy **EXHIBIT(bus54a01)**.

Dennis Himmelberger, Himmelberger Brewing Co., Billings. I ask for your support on **HB 442** because it is a good bill for the state. Many hours were spent with the industry and they were able to reach a compromise with the MT Taverns Assoc. and the MT Wholesalers and MT Brewers. It helps to expand the economic base of Montana. Micro breweries are very popular across the country and many Americans plan vacations around visiting various breweries. I have been reluctant to promote visitation to my brewery through tourism because when they visit a brewery, they want samples. Under current law we have to give our samples away. As a small brewery, giving away samples can seriously affect your bottom line. I would be able to expand my brewing operation and more visitors would probably come to Montana as a result of this bill. It would encourage free enterprise and an entrepreneurial spirit. Montana laws pertaining to breweries have been on the books since the 1930's. It is time to update our laws. Thank you.

Tim O'Leary, Kettlehouse Brewery, Missoula. We are a four-year old brewery. We work long hours and are here today asking for your help to expand our business and to sell our own samples. Last year we sold 700 barrels of beer. We gave away 70 barrels of beer. When you are promoting a brand and build a brand,

people need to try your product. But when we have to give it away, it really hurts the bottom line. Thank you for your time.

Brian Smith, Blackfoot River Brewing Co., Helena. Forty-nine other states allow breweries to sell their product on their premise. Montana is the last on only one who doesn't. This allows small Montana breweries to sell their products on premise up to a maximum of 3 pints per day and within very limited hours. It is an economic freedom for breweries to do so. Some breweries give away quite a bit of product and customers expect that they can receive a sample. Not all breweries will take advantage of this. Many of the smaller ones will. At this point, we probably won't take advantage of this bill. But possibly at a later date, we might. It does give breweries the choice to use this tool to stay competitive. I urge your support of the bill.

Kristi Blazer, MT Beer & Wine Wholesalers Assoc. I was happy to have been part of the group that developed **HB 442**. I do want to thank all who took part in putting this bill together. It has appropriate limits in terms of the amount that can be sold to an individual customer and in terms of the hours that the breweries can sell their product. Thank you.

Mark Staples, MT Taverns Assoc. I also would thank all who were involved for coming together and compromising to put this bill together. I hope the committee would appreciate this fact. We support this bill and I hope that you will support it also.

Randy Johnson, MT Grain Growers Assoc. My members are producers of the finest malt barley in the world. There are members who are involved in building "Malt Montana" which we see as a malt house which will produce some of the finest malts in the world. We support this bill because we believe it will increase consumption of our barley and treat Montanans to yet another way of consuming our product. We would ask you to support this bill.

Opponents' Testimony: None

{Tape : 1; Side : A; Approx. Time Counter : 11.6}

Questions from Committee Members and Responses:

SEN. VICKI COCCHIARELLA asked **REP. STOVALL** how this will be monitored. Do I write my name down and get check marks when I finish my 48 oz.? **REP. STOVALL** replied that in view of this bill, the brewers are going to monitor themselves so there won't be problems. Most people will try to comply with the law.

SEN. COCCHIARELLA asked **Mr. Staples** to respond to the same question. **Mr. Staples** said that these people are good people and if there is a breaking of the law, that will come out, no doubt about it. The Justice Department doesn't always have to go out and look for law breakers, someone usually turns them in.

SEN. BEA MCCARTHY asked **Todd Daniels** that if she sampled the beers first and then purchased a keg to take home, would there be a problem? **Mr. Daniels** said that this bill only pertains to samples consumed on the premises, not what could be purchased for consumption some place else.

SEN. COCCHIARELLA said that there seems to be a problem on line 18 and the language which is stricken from the bill. **Mr. Bart Campbell, Legislative Assistant**, said that it is a complete sentence and explained it.

SEN. JOHN HERTEL asked **Mr. Staples** to look at line 29 and where 60,000 barrels are mentioned. Then on line 21, 10,000 barrels are mentioned. Is there a conflict? **Mr. Staples** said he did not believe they were in conflict. The 10,000 barrel definition is a definition of a small brewery that can engage in the sales that are spoken of in the bill. The 60,000 barrel definition is a brewery that has to have a micro brewery license. **Kristi Blazer** offered her answer. She said the 60,000 was left on purpose because that is a federal number and it is also a number by which a brewer has to go through a wholesaler for certain sales. They wanted to leave that alone. For informational purposes, there are no small brewers in Montana currently that sell more than 10,000 barrels a year. That particular type of brewery does not exist between the 10,000 and the 60,000 limit. If that brewer should exist, that brewer would not be entitled to the sample room exception.

Closing by Sponsor:

REP. STOVALL closed. This is a good bill for all concerned. I appreciate everyone who worked on the bill. I hope you would look favorably on **HB 442**. **SEN. SPRAGUE** will carry the bill on the Senate Floor.

{Tape : 1; Side : A; Approx. Time Counter : 19.7}

HEARING ON HB 522

Sponsor: **REP. ROBERT J. "BOB" PAVLOVICH, HD 37, BUTTE**