

Legislative Hearing on Economy/Jobs
Testimony of **Jerry Jerome** on behalf of
Anheuser-Busch Companies
January 8, 2011

(Mr. Chairman/Madame Chair) and members of the Legislature, for the record my name is Jerry Jerome. I am the Field Representative for Busch Agricultural Resources, LLC, and am based out of our facility in Conrad.

As every brewer knows, quality beers can only be made with quality ingredients. Montana has made a significant investment in its malt barley industry. Busch Ag has responded to that investment by making an investment of its own in locating three malt barley storage and handling facilities in Montana - Sidney, Fairfield, and Conrad. Combined, these three facilities have a storage capacity 7.3 million bushels. In addition, Busch Ag owns a seed plant in Fairfield, which supplies certified seed to our Contract barley growers.

In furtherance of our commitment to our nearly 675 contract growers in Montana, Busch Ag has purchased as much as \$55 Million annually in malt barley from Montana farmers. That is a straight infusion of dollars into rural Montana economies. Along with our barley purchases we have a capital investment of \$32 million in Montana.

Malt barley is truly a value-added product for the State of Montana. In addition to the stability and value our malting barley program brings to the growers, it was also instrumental in locating the malt plant in Great Falls. Anheuser-Busch played a substantial role in the locating that plant in Montana, as the plant needed to secure processing contracts to ensure the plant was a viable endeavor.

During the 2011 Legislative Session, we are interested in the following items:

1. No increases in beer taxes;
2. No sales taxes on alcoholic beverages;
3. Some assistance with business equipment taxes would be appreciated;
4. Keep the 3-tier system "as is" – no tinkering.
5. Adoption of policies or legislative proposals that would increase irrigation capabilities/opportunities for our growers;
6. Continued funding of the MSU Agriculture Experiment Stations with whom we work to better understand barley quality and address disease control issues; and
7. In deference to the agriculture trade associations, any policies or legislative proposals that would decrease their input costs.

The bottom line is these legislative concepts (especially tax increases) have a direct impact on all aspects of the beer industry, from Montana's growers to the independent beer distributors - to the more than 3,000 retail accounts – and perhaps most importantly, to the customers they serve.

With the Chair's permission, I would like to submit for the record some additional handouts which further describe Anheuser-Busch's vast economic investment in Montana. Thank you, and I am available for any questions you or members of the Legislature might have.

Anheuser-Busch
is a major
purchaser of
Montana
malting barley.

MONTANA AGRICULTURAL PURCHASES ECONOMIC IMPACT

As the nation's leading brewer, Anheuser-Busch is a major purchaser of U.S. agricultural products, including Montana-grown malting barley. Anheuser-Busch beers use the choicest golden barley, selected from the finest fields in America. Our purchases of millions of bushels of Montana malting barley directly contribute to the state's economy.

The Facts

- Busch Agricultural Resources, LLC contracts about 11 million bushels of 2-row barley in Montana. Our facilities in Conrad, Fairfield and Sidney handle these purchases, employing about 20 people.
- Busch Agricultural Resources also purchases about 5 million bushels of 6-row barley from eastern Montana. Our Sidney grain elevator handles these purchases.
- ADM's facility in Great Falls produces about 8 million bushels of malt annually for Anheuser-Busch. This plant employs about 40 people.
- Total capital investment by Anheuser-Busch in Montana exceeds \$31.7 million.

Anheuser-Busch Independent Distributors in Montana

The 11 Anheuser-Busch distributorships in Montana service about 3,600 accounts. They create 400 jobs with an annual payroll of approximately \$17 million. With purchases of \$9.2 million in goods and services, and capital investments of about \$29.8 million, these distributors are an important part of the business community in many areas throughout the state.

The sale of Anheuser-Busch beers in Montana generates approximately \$2.0 million annually in state beer excise taxes.

For additional
information, contact
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Anheuser-Busch is proud to partner with Montana barley growers,
providing a significant contribution to the state's agricultural economy.



Montana Economic Impact

Making Friends is our Business...in Montana.

Anheuser-Busch Companies make significant contributions to the communities where we live and work through our brewing, packaging and agricultural subsidiaries, as well as through our nationwide network of independently owned distributors. Here in Montana, we are proud to be a leading contributor to the state's economy and have a longstanding track record as an active and responsible corporate citizen.

Anheuser-Busch Montana Beer Sales and Beer Taxes

Sales volume	14.6	million gallons
Market share	48.8	percent
Federal beer excise taxes paid	\$9.4	million
State excie taxes paid	\$2.2	million

Montana Financial Impact

Anheuser-Busch operations in Montana translate into jobs, local purchases and tax revenues:

Employees	20	
Payroll	\$1.4	million
State & local taxes	\$1.1	million
Supplies purchased	\$55.0	million
Capital investments	\$31.7	million
AB Facilities	4	

Anheuser-Busch Distributors

The family of independent Anheuser-Busch distributors also significantly contributes to the economy in Montana:

Number of distributorships	11	
Employees	403	
Payroll	\$17.4	million
Supplies purchased	\$9.2	million
Capital investments	\$29.8	million
Accounts served	3,645	