

Legislative Hearing on Economy/Jobs
Testimony of Jim Bennett, Harrington Bottling Company
and Chairman of the Montana Beverage Association
January 8, 2011

(Mr. Chairman/Madame Chair) and members of the Legislature, for the record my name is Jim Bennett. I am Vice President of Sales and Marketing for Harrington Bottling Company of Butte, Bozeman and Helena. I am also the current Chairman of the Montana Beverage Association. Our members consist of bottlers and distributors of non-alcoholic beverages across Montana.

Harrington Bottling Company is a family owned beverage production and distribution business with headquarters located in Butte. The business was started in 1943, and continues to be run by Donald Harrington. We employ about 200 Montanan's that produce and distribute all types of Pepsi Cola branded products as well as bottled water and Lipton Iced Tea. We also produce and ship soft drinks, bottled water and iced tea across the state of Montana to other distributors, as well as out of state into Idaho and Utah.

In 2009 Beverage manufacturing and distribution jobs in Montana totaled 1330 jobs. Additionally 3,830 retail employees in Montana depend on refreshment beverage sales for their livelihood. Even more importantly, our industry and its employees are a part of the local communities and have generously contributed at least \$2.7 million to charitable causes across the state. As you can see our industry is vital to Montana's economy from creation to consumption and beyond.

The contributions of Montana's beverage industry, both direct and indirect extend beyond our state's borders as well. In 2009 the industry created totals of 11,432 jobs, \$370 million in wages, and a total economic impact of \$1.7 billion. Additionally, state tax revenue from beverage industry firms in Montana and their employees, as well as firms and employees indirectly employed by the industry, paid about \$77.7 million.

So there are some stats, but today you wanted to know what you can do to create jobs in Montana or at the very least maintain jobs in Montana. A few things that would benefit employees in our industry today would be:

- No consideration of excise taxes on our products, the effects of this reach far beyond our industry. These types of taxes only create higher costs for our products, resulting in lower consumption of our products which eventually reduce production output and need for distribution, resulting in more lost jobs that neither our business, nor the people of the towns we do business in can afford. The ripple effect of these types of taxes reaches even beyond our industry to many other businesses that we rely on locally for goods and services.
- Reduction in the business equipment tax would be very helpful in allowing us the additional capital to invest into production equipment upgrades and more state of the art equipment in order to compete better with many production locations in large cities that surround our state like Denver, Salt Lake and Seattle. The opportunity to produce and distribute more beverage products at a competitive price will create a need for us to put more Montanan's to work.

- As you have heard, and will probably hear more today, the Workers Comp Insurance is another part of our business that consumes capital that we rely on to invest back into our business to upgrade equipment, facilities, and fleet. We find it difficult to add additional employees to our business when we are still trying to determine if we can afford raises for our existing employees this year. We can only grow the number of people we hire and employ if we can grow the production capability and ultimately the distribution of beverage products both inside and outside Montana.
- We are proud to say that many of the beverage companies in Montana are still family owned and operated. These independent beverage businesses are slowly becoming less common around the country, but these businesses, like many small businesses, need more consideration in making sure that we can compete, not only within our industry in Montana, but within similar beverage industry entities in our neighboring states.

With the Chair's permission I would like to submit for the record a handout detailing the economic impact of the beverage industry in Montana. Thank you for this opportunity to speak and I am available for any questions.



**American Beverage Association
Economic Contribution of the Beverage Industry, 2009**

The Beverage Industry is a Major Contributor to Montana's Economy

Montana companies that belong to the American Beverage Association make and sell some of the most popular non-alcoholic beverages in the world. You might say that our members quench Montana's thirst. At the same time, the beverage industry is an important part of Montana's and the nation's economy.

Economic Impact of the Beverage Industry in Montana

	Direct	Supplier	Induced	Total
Jobs (FTE)	5,168	3,054	3,209	11,432
Wages	\$126 million	\$137 million	\$107 million	\$370 million
Economic Impact	\$884 million	\$438 million	\$353 million	\$1.7 billion

The Beverage Industry is an Important Part of Montana's Economy

Producers of non-alcoholic refreshment beverages provide well paying jobs in Montana, pay significant tax dollars to the government and make sizable charitable contributions in communities across the state.

1,300 Manufacturing and Distribution Jobs are Created in the Beverage Industry in Montana Including:

Soft drink jobs:	620
Bottled water jobs:	240
Juice products jobs:	140
Other beverage products jobs:	60
Distribution jobs:	270

In addition to producing and distributing beverages in Montana there are a number of other business sectors and employees throughout the state that benefit from the beverage industry's economic impact - including 3,830 retail employees in Montana that depend on refreshment beverage sales for their livelihood.

The Beverage Industry Provides Montana with Significant Tax Revenues

At the state and federal level, beverage industry firms in Montana, their employees and firms and employees indirectly employed by the industry paid about \$77.7 million in state taxes and as much as \$85.5 million in federal taxes

The Beverage Industry is an Integral Part of Our Local Communities

The beverage industry and its employees are members of local communities throughout Montana who have generously contributed at least \$2.7 million to charitable causes across the state.