

Good morning Chairman Headland and members of the committee. For the record, my name is Mike Motschenbacher, Representative from District 47 in NW Bismarck.

Today you have before you HB 1303. You also have an amendment to this bill which would move the words "Diluted beverages" to line 13 and to add the word "distilled" to line 21 of the original bill, or line 22 of the amended bill, in front of the word spirits. It also defines "Diluted beverages" starting on line 20 of the original bill, or line 21 of the amended bill. Diluted beverages are simply beverages where the alcohol content is diluted with other products like water, dairy products, fruit juices, and so on as you can see in the definition. I've also included some pictures of some sample diluted beverages.

The purpose of this bill is to properly tax diluted beverages to a rate which is consistent with other beverages of a similar alcohol content.

All diluted beverages have an alcohol content less than 17%, nearly all of which actually contain less than 12%, which puts them in the same category as most wines which are taxed at \$0.50 per wine gallon. This bill simply would put these diluted beverages into that same category. Diluted beverages are currently taxed at the same rate as distilled spirits under line 17 at \$2.50 per wine gallon of the original bill, or line 18 of the amended bill. These spirits have alcohol content from 24% to 95%.

It's fairly plain to see this is a fairness issue and these diluted beverages should be treated and taxed like wine and other drinks that have similar alcohol content.

I'd ask for a do pass recommendation from the committee and would stand for any questions.

Mike Motschenbacher

701 471 9014