ABC
American Beverage Corporation

The Honorable Tory Rocca
Chairman, Senate Regulatory Reform Committee
State Capitol
Lansing, MI 48933

June 5, 2012

Re: **House Bill 5660**

The purpose of this letter is to provide support for House Bill 5660, which would exclude foil pouches from the Michigan Bottle Deposit Law.

The American Beverage Corporation is a company located in Verona, Pennsylvania. We produce and sell a variety of adult beverages under the Daily's Brand. For the past 4 years, we have produced & sold Daily's Ready-To-Drink Frozen Cocktails throughout the United States, including Michigan.

Recently the sales of our pouches have increased dramatically. In 2011, sales of our pouches in the state of Michigan exceeded 130,000 cases. That equates to retail sales of over $8MM. Sales increased 30% vs 2010 and are expected to grow 40% in 2012. These sales have provided an excellent source of tax revenue for the state, not to mention profitable volume for the Michigan retailers and distributor.

As you can understand, production and distribution of this seasonal product takes many months of lead-time and planning. We have already finalized merchandising plans for the summer season with the major retailers in Michigan, such as Meijer, Kroger and Walmart. To interrupt the supply chain at this point would cost us and the Michigan retailers millions of dollars in lost sales, in addition to the loss of valuable tax revenue for the State of Michigan.

Additionally, the current Reverse Vending Machines (RVMs) at the grocery stores do not accept pouches. Therefore if pouches were to be included in the Bottle Law, without a method to recycle, Michigan retailers would most likely discontinue the product, prohibiting consumers from purchasing the product, thereby reducing Michigan tax revenue, and reducing the sales and profit for Michigan retailers and distributors.

Including pouches in the Michigan Bottle Law does not make good economic sense for the citizens of Michigan. Therefore we support House Bill 5660.

Sincerely,

John Curran
Executive Vice President of Sales
American Beverage Corporation

cc: Members, Senate Regulatory Reform Committee