

## **The Texas Association of Business Files Suit in Federal Court Against the Texas Alcoholic Beverage Commission**

*Suit Seeks Fair, Consistent and Legal Application of Tied-House Provisions of the Texas Alcoholic Beverage Code*

AUSTIN, June 27, 2016 /PRNewswire/ -- The Texas Association of Business today filed a lawsuit against the Texas Alcoholic Beverage Commission (TABC) in federal court to force the TABC to apply the Texas Alcoholic Beverage Code in a fair, consistent and legal manner.

Citing recent examples of the TABC withholding permits from a convenience store located in South Texas and a Texas-based food and beverage distribution company, the Texas Association of Business was compelled to file the lawsuit based on the TABC's arbitrary licensing practices.

Texas' Alcoholic Beverage Code regulates the alcoholic beverage industry by establishing a three-tier system where participants in each tier—manufacturers, distributors and retailers—must operate independently. These laws are commonly called "tied house laws," and prohibit control or influence among the tiers. The TABC has taken this common prohibition to an absurd extreme by asserting that even one overlapping share of stock ownership across tiers, whether direct or indirect, violates its interpretation of the law, the so-called One Share Rule. Yet, the TABC is applying this rule arbitrarily and only in limited instances. In fact, in the last year, over 40 manufacturers, distributors and retailers with overlapping ownership had over 2,500 permits approved or renewed by the TABC.

"The TABC's application of Texas alcohol law defies common sense as the majority of alcohol manufacturers, retailers and distributors have some over-lapping ownership with businesses in other tiers," said Bill Hammond, CEO of the Texas Association of Business. "The TABC is arbitrarily picking winners and losers, and that is simply not how we operate in Texas."

The TABC is out-of-step with other states that operate under a three-tier system. For example, in New York, Maryland, Arkansas, Kansas, Kentucky and Michigan, companies are prohibited from having interests across more than one tier only if they control or influence the activities of businesses in more than one tier.

"The Texas Association of Business opposes regulatory actions—like the TABC's so-called One Share Rule—that harm the Texas economy and job creation, for no good reason. We're taking this action to demand that our government create a level playing field for all business in the State of Texas—anything less goes against the very fabric of our state," said Hammond. "Texas has succeeded principally because we make it easier, not harder, to do business here. Regrettably, the TABC's policies do not reflect the vision and philosophy of the state, and through its absurd interpretation of the Alcoholic Beverage Code, it is discouraging business expansion."

The Texas Association of Business believes that the TABC's erroneous interpretation of the law and inconsistent licensing practices clearly violate the protections afforded to all businesses by the U.S. Constitution. Through the filing of this lawsuit, the Texas Association of Business wants the TABC to abandon the so-called One Share Rule, and begin enforcing the three-tier system in a fair, consistent and legal manner, similar to other state alcohol agencies.

Joined by McLane in the lawsuit, the Texas Association of Business will continue to voice its concerns about the unfair and uneven application of the law. The plaintiffs have launched a new website, [www.Texans4Growth.com](http://www.Texans4Growth.com), to provide updates on the status of the litigation.

**For media or other inquiries related to this issue:**

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**About the Texas Association of Business**

The Texas Association of Business is Texas' leading employer organization. Representing companies from large multi-national corporations to small businesses in nearly every community of Texas, the Texas Association of Business works to improve the Texas business climate and to help make the state's economy the strongest in the world. For more than 85 years, the Texas Association of Business has been on the front lines of the legislative, regulatory and judicial battlefields, fighting for every issue that impacts business to ensure that employers' opinions are being heard.

**About McLane Company, Inc.**

Founded in 1894, McLane Company, Inc. is a \$48 billion supply chain services leader, providing grocery and foodservice supply chain solutions for convenience stores, mass merchants, drug stores and chain restaurants throughout the United States. McLane, through McLane Grocery, McLane Foodservice and wholly-owned subsidiary, Meadowbrook Meat Company, Inc., (MBM), operates 80 distribution centers across the U.S. and one of the nation's largest private fleets. The company buys, sells and delivers more than 50,000 different consumer products to nearly 90,000 locations across the U.S. McLane provides alcoholic beverage distribution through wholly-owned subsidiaries, including McLane Beverage Distribution, Inc., to retailers across Colorado, Florida, Georgia, North Carolina, and Tennessee —and is seeking a similar permit in its home state of Texas. McLane is a wholly owned unit of Berkshire Hathaway Inc. (NYSE: BRK) and employs more than 20,000 teammates.