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WHOLESALE BEER DISTRIBUTORS OF TEXAS

March 31, 2014

To: WBDT Members

From: Tom Spilman

Subj: New York Times article concerning Franchise Laws

Please see the attached article from the March 29th New York Times. It was written by Steve Hindy, founder/president of Brooklyn Brewery regarding franchise laws. BA has made exemptions to franchise laws a top priority and is now pushing the issue at legislatures throughout the country.

As you know, Texas has the strongest franchise law in the country. It also has the most healthy and competitive beer market in the country. The facts are not a coincidence but reflect the success of a law that allows a distributor to invest heavily in new and emerging brands without risk that the investment will be unfairly taken from them without compensation.

When talking about this issue to brewers, legislators or your next door neighbor, we need to point out that distributors invest millions of dollars in craft brands and undertake long term commitments in warehouse build-outs, marketing, refrigeration systems, rolling stock, and employment commitments. In addition to the regulatory purposes, franchise laws inhibit a brewer from unfairly taking that investment. In Texas, a small brewer can decide to self-distribute and avoid the concerns voiced by the BA. As we know, they quickly find out that they do much better in a three tier system which empowers the distributor to invest in the success of their brand.

<http://www.nytimes.com/2014/03/30/free-craft-beer>