

Josh Hare

TCBG TABC Sunset Testimony (Written)
December 13, 2018

Thank you, Mr. Chairman and Commissioners. My name is Josh Hare and I'm the board Chair of the Texas Craft Brewers Guild and the owner of Hops & Grain Brewing. I come before you today to speak on behalf of the nearly 300 small brewers that make up our organization – but also in my personal capacity as a Texas consumer and as a lover of craft beer.

I can tell you that the craft brewers represented by our organization embody the very best attributes of Texas: they are entrepreneurial, ethical, hard working, and fiercely independent. They are the small businesspeople that help drive our Texas economy forward – risking capital, paying taxes, and offering a livelihood to thousands of our fellow Texans. The Brewers Association says that in 2016 Texas craft breweries contributed over \$4.5 billion dollars to the state economy. This is despite the fact that small craft represents only about 2.5% of the total beer consumed in Texas *today*.

From every corner of our state – the singular thread that draws together the brewers of our organization is an overarching sense of pride in what we do – using our talents and toil to produce a unique and delicious product that we can share with our fellow Texans.

Now, some of the people with us here today have suggested that the members of our organization are anarchists who want to burn TABC to the ground and advocate for the wholesale repeal of the Texas three-tier system. Nothing could be further from the truth.

The reality is, the Texas Craft Brewers Guild is, and always has been, fully supportive of the foundational principles that brought us the three-tiered system in the first place – the prevention of an integrated beer and alcohol monopoly that would rob Texas consumers of choice, quality, and competition.

Without the Texas three-tiered system, it's possible to imagine a dark and colorless world where Budweiser is the only beer available to Texas consumers...because Budweiser had been allowed to purchase every bar and retailer in the state. In that way, I suppose it's fair to argue that without the three-tiered system, there theoretically could have been no craft beer in Texas at all.

That's why I want to make it absolutely clear today that our issue isn't with TABC itself or even with the three-tiered system itself...it's with the decades of legislative efforts that have been made by certain interests to *game* that system at the expense of Texas consumers – perverting it from a safeguard against monopolies to a safeguard against competition.

The 17th century political philosopher Jock Locke argued that the fundamental purpose of any government should be the preservation of the natural rights of its citizens. Locke believed that for a citizenry to live in freedom, the power of law should be cautiously applied and only in service to the direct preservation of the life, liberty, and property of the governed.

Over the decades, I think it's safe to say that we've moved farther and farther away from that ideal. But as the honorable members of this Commission evaluate the TABC and consider the proposals offered to modernize the outdated system of laws that govern the production, distribution, and sale of alcohol in Texas – may I suggest that you ask yourselves the following questions:

1. Does this regulation exist to protect the lives of Texans or promote the public safety?
2. Does it exist to affirm our individual rights or liberties in some way?

3. Does it exist to protect the property of Texans or the rights of Texas consumers?

If the answer to those three questions is “NO”...then I believe it’s worth asking why the law or regulation *does exist* and what compelling public interest it’s intended to serve. Do the laws governing the TABC exist to advance the greater interests of the Texas consumer...or are they instituted for some other purpose, like preserving the financial advantage of one business over another?

Texans take great pride in our sense of independence, and as such, we tend to view any new law or government regulation with a healthy degree of skepticism. That’s because, as the members of this Commission are aware, every new law passed in Austin or Washington results in the degradation of *some amount* of our individual freedoms – however minor or imperceptible that loss may be.

Oftentimes, that sacrifice of freedom is justified by the greater good it serves. There are times, for example, when I’d like the freedom to drive my car 120 mph down the highway...but my freedom to do so is plainly outweighed by the greater risk that this conduct poses to the public safety. As obvious as this rationale may seem to most people, most of our state’s beer and alcohol laws appear to follow no such logic.

I ask you...what is the compelling public interest served by requiring the small businesspeople of this state to navigate a tiresome regulatory structure that seems to be, at best, needlessly burdensome...and at worst, almost intentionally non-competitive?

What compelling public interest is served by requiring small business owners in Texas to pay for and maintain two separate licenses for products as substantially similar as beer and ale? How does that serve the Texas consumer? How does it serve the Texas economy?

Does the TABC’s arduous and time-consuming label approval process make anyone in this state safer? Or does it just another outdated and unnecessary regulatory headache for a small businessman like myself to overcome?

I could go on, but won’t.

As you evaluate Sunset’s proposed changes to TABC, it is the hope of the Texas Craft Brewers Guild that the members of this Commission will ask themselves these fundamental questions.

We ask that you would first seek to understand how such a frustratingly complex regulatory scheme came into existence in the first place, and ultimately draw your own conclusions about whether you believe this to be a truly fair system designed to serve the people of Texas, or a corrupt and arbitrary collection of laws designed to protect the narrow interests of the powerful and well-connected.

We’re not asking for handouts or special treatment – just fair treatment. We’re here today simply because we want the state we love to adopt a legal and regulatory framework that loves us back.

We have a number of specific thoughts to offer regarding the recommendations made by the Sunset Commission staff, but fundamentally, our request to you is simple and straightforward: **the Texas craft brewers want the freedom to make and sell beer to our fellow Texans who demand it in the real world marketplace with as little regulatory interference as is necessary to preserve the health and safety of the public.**

On behalf of the entire Texas Craft Brewers Guild, I thank you for the opportunity to address the members of this Commission and I’d be more than happy to answer your questions at this time.