



Scott Roberts Testimony:

Chairman Birdwell, Vice Chair Paddie and members of the Commission, my name is Scott Roberts. I am the Owner and CEO of the Salt Lick restaurant. The original Salt Lick restaurant in Driftwood was founded by my father and mother in 1967 and it has grown since with locations in Round Rock, Austin Bergstrom Airport and the Dallas Fort Worth Airport. Altogether, the Salt Lick employees over 500 Texans. We host over 700,000 dining visitors annually at the restaurant in Driftwood.

For those of you who have been out to Driftwood in the last few years, you will have noticed the many vineyards surrounding our bar-b-que restaurant. We have planted over 45 acres of vines and plan to double that acreage in the near future. My dream has always been to build a winery on this land that has been in our family for generations.

However, under current TABC rules and the "three-tiered system", I am not allowed to produce wines from the grapes grown in our vineyards. Because our restaurants in Round Rock and the airports hold mixed beverage permits, I as owner, can not be granted a production permit. I must sell the grapes to other wineries to produce wines that I must buy from distributors.

My only daughter owns and operates the Salt Lick Cellars, a tasting room that specializes in selling and promoting Texas wines and beers. She holds a wine and beer retailer's permit and as such is also prohibited from opening a winery by the archaic and anticompetitive rules of the Texas Alcoholic Beverage Code. The Roberts family is not allowed to produce wines from its very own grapes and must divest ownership of the restaurants in order to secure a producer's permit to build a winery. There has to be a better way.

For the past two sessions, I have supported legislation to amend certain provisions of the TABC code that would allow the holder of a wine and beer retailer's permit to also exercise some of the privileges of a winery permit and thereby avoiding the problem of having two different owners for each of these businesses.

The legislation has been supported by cities and counties throughout Texas and by many who believe that it will enhance economic development and create free and fair competition. It has also been supported by members of both political parties and varied political opinions.

~~This legislation does not threaten or compromise the three-tiered system as some will incorrectly~~ state, but rather upholds and supports it by requiring a distributor to transport our wines for sale

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outside of a small special purpose district in Hays County on which our restaurant and vineyards are located.

Exceptions to the three-tiered system have been authorized in the past when it positively impacts certain producers and distributors, as was the case in 1989 when Anheuser Busch (a producer) acquired the Sea World theme parks (a retailer). The Code was amended to allow ownership of two permit classes.

The executive summary of the Sunset report of the Texas Alcoholic Beverage Commission recognizes the fact that the Code and the three-tiered system need to be updated, reformed and improved.

Texas prides itself on being a pro-business and pro-economic development state with limited regulatory burdens. However, the provisions of the Code do just the opposite by stifling innovation and competition. Even the state of California, long known for its overreaching regulatory environment, does not have the anti-competitive, anti-growth, and anti-economic development provisions contained in the Texas Alcoholic Beverage Code. Surely Texas can do better than California.

My purpose for being here is simply to bring this matter to the attention of this Commission. As you continue your deliberations and as we move forward into the legislative session, I ask you to consider the benefits that would flow from even minimal reforms to the Code, such as allowing an entity that holds a retailer's permit to be able to grow grapes, produce and sell wines in a limited and defined area.

Thank you for your consideration. I look forward to working with all of you in the upcoming session.