

Anheuser-Busch files lawsuit against state

By Joy Campbell Messenger-Inquirer

Anheuser-Busch is asking a Franklin County court to make the Kentucky Alcoholic Beverage Control administration approve the company's application for a distributor's license in Owensboro.

A news release states that the ABC has passed the statutory deadline for either approving or rejecting the application in 60 days.

The Owensboro ABC administrator approved the application Aug. 25, but that decision was appealed.

A-B also wants the court to make the state ABC office rule on the company's motion to dismiss the appeals and to schedule a hearing if the motion is denied.

A-B wants to purchase Budweiser of Owensboro's assets in the Mid-America Airpark. The Hand Family Co., based in Clarksville, Tennessee, currently owns the distributing company. A-B needs the distributor's license for the sale to go forward.

The two companies just want to be able to complete the transaction, according to Bob Kelley, Anheuser-Busch's region vice president for sales.

Kelley said Tuesday in a phone interview that the ABC's review process has been "highly unusual."

"We're not asking for special treatment," Kelley said. "Anheuser-Busch has been a great partner with the state. We've been a Louisville distributor for nearly 40 years, and we have 165 employees in Kentucky. We're proud of the service we provide retailers and of the special events we sponsor -- especially the Kentucky Derby. And we're anxious to move on."

A-B's plans to buy the distribution company set off a flurry of opposition from a number of organizations that represent various other players in the state's three-tier system for distributing alcohol. The three tiers are brewers/manufacturers, distributors and retailers.

Under that system, a package retailer, for example, can't own a distributorship. The opposition argues that the three-tier system should remain. Without that separation, A-B -- a subsidiary of a large, global company -- could buy more distributing companies and control the market, essentially locking out other brands, opponents have said.

"There are a lot of misstatements out there," Kelley said. "There is tremendous opportunity within the three-tier system for distributors, especially within the craft beer industry that is really growing. This transaction will have no bearing on that. It is perfectly permissible for us to have a distributorship in this state like we have had in Louisville for nearly 40 years."

Of the 500 independent distributors, A-B owns 17, Kelley said.

"Folks who have sold to us have been willing sellers," he said. "Nine independent distributors will still be in Kentucky."

Dick Brown, the communications director for the Kentucky Public Protection Cabinet that includes the state's ABC office, said a prehearing conference is set for Nov. 21 on the appeal, and that Anheuser-Bush LLC's application for state licensure is pending and remains under consideration.

Appeals from orders of the city administrator are governed by KRS Chapter 13B, he said.

That section allows for convening a prehearing at which all the parties may explore such things as mediation and settlement and clarification of issues. The ABC may also take evidence or look at other matters "that will promote the orderly and prompt conduct of the hearing."

The ABC has no time line to rule on the appeal but it will be as soon as feasible, he said.

The Greater Owensboro Chamber of Commerce issued a letter of support for Anheuser-Busch's application. The Kentucky Chamber of Commerce withdrew its opposition letter and is not taking a position on the issue since it has members on both sides.

The Hand Family bought Quality Beers Distributing Co. from John Medley's family in 2007.

Joy Campbell, 691-7299, jcampbell@messenger-inquirer.com

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