
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 623 Session of
2021

INTRODUCED BY LAUGHLIN, STREET, J. WARD, BAKER, MENSCH, BOSCOLA,
COLLETT, AUMENT, A. WILLIAMS, SANTARSIERO, SCHWANK,
L. WILLIAMS, VOGEL, CAPPELLETTI AND ARGALL, MAY 3, 2021

REFERRED TO LAW AND JUSTICE, MAY 3, 2021

AN ACT

1 Amending the act of April 12, 1951 (P.L.90, No.21), entitled "An
2 act relating to alcoholic liquors, alcohol and malt and
3 brewed beverages; amending, revising, consolidating and
4 changing the laws relating thereto; regulating and
5 restricting the manufacture, purchase, sale, possession,
6 consumption, importation, transportation, furnishing, holding
7 in bond, holding in storage, traffic in and use of alcoholic
8 liquors, alcohol and malt and brewed beverages and the
9 persons engaged or employed therein; defining the powers and
10 duties of the Pennsylvania Liquor Control Board; providing
11 for the establishment and operation of State liquor stores,
12 for the payment of certain license fees to the respective
13 municipalities and townships, for the abatement of certain
14 nuisances and, in certain cases, for search and seizure
15 without warrant; prescribing penalties and forfeitures;
16 providing for local option, and repealing existing laws," in
17 preliminary provisions, further providing for definitions; in
18 licenses and regulations, liquor, alcohol and malt and brewed
19 beverages, further providing for malt and brewed beverages
20 manufacturers', distributors' and importing distributors'
21 licenses, for unlawful acts relative to liquor, alcohol and
22 liquor licensees and for unlawful acts relative to malt or
23 brewed beverages and licensees.

24 The General Assembly of the Commonwealth of Pennsylvania
25 hereby enacts as follows:

26 Section 1. The definition of "malt or brewed beverages" in
27 section 102 of the act of April 12, 1951 (P.L.90, No.21), known
28 as the Liquor Code, amended November 25, 2020 (P.L.1222,

1 No.125), is amended to read:

2 Section 102. Definitions.--The following words or phrases,
3 unless the context clearly indicates otherwise, shall have the
4 meanings ascribed to them in this section:

5 * * *

6 "Malt or Brewed Beverages" shall mean any beer, lager beer,
7 ale, porter or similar fermented malt beverage containing one-
8 half of one per centum or more of alcohol by volume, by whatever
9 name such beverage may be called, and shall mean alcoholic
10 cider, fermented fruit beverage and mead. The label, product
11 packaging and marketing materials for alcoholic cider, fermented
12 fruit beverages and mead that are used in connection with the
13 sale and distribution of alcoholic cider, fermented fruit
14 beverages and mead may refer to the product as "wine based" or
15 as a "wine product" or in a similar manner or by a similar name
16 with the product still treated as a malt or brewed beverage if
17 the product is registered with the board as a malt or brewed
18 beverage as set forth in section 445, the product is carbonated
19 and the product contains not more than eight and one-half per
20 centum of alcohol by volume. No product that has previously been
21 sold under section 305, including any product that would be
22 identical except for a change in a container or package, may be
23 identified as a malt or brewed beverage.

24 * * *

25 Section 2. Section 431(b) and (d) of the act, amended June 5,
26 2020 (P.L.213, No.29), are amended to read:

27 Section 431. Malt and Brewed Beverages Manufacturers',
28 Distributors' and Importing Distributors' Licenses.--* * *

29 (b) The board shall issue to any reputable person who
30 applies therefor, and pays the license fee hereinafter

1 prescribed, a distributor's or importing distributor's license
2 for the place which such person desires to maintain for the sale
3 of malt or brewed beverages, not for consumption on the premises
4 where sold, and in quantities of not less than a case or
5 original containers containing one hundred twenty-eight ounces
6 or more which may be sold separately as prepared for the market
7 by the manufacturer at the place of manufacture. In addition, a
8 distributor license holder may sell malt or brewed beverages in
9 any amount to a person not licensed by the board for off-
10 premises consumption. The sales shall not be required to be in
11 the package configuration designated by the manufacturer and may
12 be sold in refillable growlers. The board shall have the
13 discretion to refuse a license to any person or to any
14 corporation, partnership or association if such person, or any
15 officer or director of such corporation, or any member or
16 partner of such partnership or association shall have been
17 convicted or found guilty of a felony within a period of five
18 years immediately preceding the date of application for the said
19 license: And provided further, That, in the case of any new
20 license or the transfer of any license to a new location, the
21 board may, in its discretion, grant or refuse such new license
22 or transfer if such place proposed to be licensed is within
23 three hundred feet of any church, hospital, charitable
24 institution, school or public playground, or if such new license
25 or transfer is applied for a place which is within two hundred
26 feet of any other premises which is licensed by the board: And
27 provided further, That the board shall refuse any application
28 for a new license or the transfer of any license to a new
29 location if, in the board's opinion, such new license or
30 transfer would be detrimental to the welfare, health, peace and

1 morals of the inhabitants of the neighborhood within a radius of
2 five hundred feet of the place proposed to be licensed. The
3 board may enter into an agreement with the applicant concerning
4 additional restrictions on the license in question. If the board
5 and the applicant enter into such an agreement, such agreement
6 shall be binding on the applicant. Failure by the applicant to
7 adhere to the agreement will be sufficient cause to form the
8 basis for a citation under section 471 and for the nonrenewal of
9 the license under section 470. If the board enters into an
10 agreement with an applicant concerning additional restrictions,
11 those restrictions shall be binding on subsequent holders of the
12 license until the license is transferred to a new location or
13 until the board enters into a subsequent agreement removing
14 those restrictions. If the application in question involves a
15 location previously licensed by the board, then any restrictions
16 imposed by the board on the previous license at that location
17 shall be binding on the applicant unless the board enters into a
18 new agreement rescinding those restrictions. The board shall
19 require notice to be posted on the property or premises upon
20 which the licensee or proposed licensee will engage in sales of
21 malt or brewed beverages. This notice shall be similar to the
22 notice required of hotel, restaurant and club liquor licensees.

23 Except as hereinafter provided, such license shall authorize
24 the holder thereof to sell or deliver malt or brewed beverages
25 in quantities above specified anywhere within the Commonwealth
26 of Pennsylvania, which, in the case of distributors, have been
27 purchased only from persons licensed under this act as
28 manufacturers or importing distributors, and in the case of
29 importing distributors, have been purchased from manufacturers,
30 liquor importers or persons outside this Commonwealth engaged in

1 the legal sale of malt or brewed beverages or from manufacturers
2 or importing distributors licensed under this article. In the
3 case of an importing distributor, the holder of such a license
4 shall be authorized to store and repackage malt or brewed
5 beverages owned by a manufacturer at a segregated portion of a
6 warehouse or other storage facility authorized by section 441(d)
7 and operated by the importing distributor within its appointed
8 territory and deliver such beverages to another importing
9 distributor who has been granted distribution rights by the
10 manufacturer as provided herein. The importing distributor shall
11 be permitted to receive a fee from the manufacturer for any
12 related storage, repackaging or delivery services. In the case
13 of a bailee for hire hired by a manufacturer, the holder of such
14 a permit shall be authorized: to receive, store and repackage
15 malt or brewed beverages produced by that manufacturer for sale
16 by that manufacturer to importing distributors to whom that
17 manufacturer has given distribution rights pursuant to this
18 subsection or to purchasers outside this Commonwealth for
19 delivery outside this Commonwealth; or to ship to that
20 manufacturer's storage facilities outside this Commonwealth. The
21 bailee for hire shall be permitted to receive a fee from the
22 manufacturer for any related storage, repackaging or delivery
23 services. The bailee for hire shall, as required in Article V of
24 this act, keep complete and accurate records of all
25 transactions, inventory, receipts and shipments and make all
26 records and the licensed areas available for inspection by the
27 board and for the Pennsylvania State Police, Bureau of Liquor
28 Control Enforcement, during normal business hours.

29 Each out of State manufacturer of malt or brewed beverages
30 whose products are sold and delivered in this Commonwealth shall

1 give distributing rights for such products in designated
2 geographical areas to specific importing distributors, and such
3 importing distributor shall not sell or deliver malt or brewed
4 beverages manufactured by the out of State manufacturer to any
5 person issued a license under the provisions of this act whose
6 licensed premises are not located within the geographical area
7 for which he has been given distributing rights by such
8 manufacturer. In addition, the holder of a distributor license
9 may not sell or deliver malt or brewed beverages to any licensee
10 whose licensed premises is located within the designated
11 geographical area granted to an importing distributor other than
12 the importing distributor that sold the malt or brewed beverages
13 to the distributor. If the licensee purchasing the malt or
14 brewed beverages from the distributor license holder holds
15 multiple licenses or operates at more than one location, then
16 the malt or brewed beverages may not be consumed or sold at
17 licensed premises located within the designated geographical
18 area granted to an importing distributor other than the
19 importing distributor that sold the malt or brewed beverages to
20 the distributor. Should a licensee accept the delivery of malt
21 or brewed beverages or transfer malt or brewed beverages in
22 violation of this section, said licensee shall be subject to a
23 suspension of his license for at least thirty days: Provided,
24 That the importing distributor holding such distributing rights
25 for such product shall not sell or deliver the same to another
26 importing distributor without first having entered into a
27 written agreement with the said secondary importing distributor
28 setting forth the terms and conditions under which such products
29 are to be resold within the territory granted to the primary
30 importing distributor by the manufacturer.

1 When a Pennsylvania manufacturer of malt or brewed beverages
2 licensed under this article names or constitutes a distributor
3 or importing distributor as the primary or original supplier of
4 his product, he shall also designate the specific geographical
5 area for which the said distributor or importing distributor is
6 given distributing rights, and such distributor or importing
7 distributor shall not sell or deliver the products of such
8 manufacturer to any person issued a license under the provisions
9 of this act whose licensed premises are not located within the
10 geographical area for which distributing rights have been given
11 to the distributor and importing distributor by the said
12 manufacturer. In addition, the holder of a distributor license
13 may not sell or deliver malt or brewed beverages to a licensee
14 whose licensed premises is located within the designated
15 geographical area granted to an importing distributor other than
16 the importing distributor that sold the malt or brewed beverages
17 to the distributor. If the licensee purchasing the malt or
18 brewed beverages from the distributor license holder holds
19 multiple licenses or operates at more than one location, the
20 malt or brewed beverages may not be consumed or sold at licensed
21 premises located within the designated geographical area granted
22 to an importing distributor other than the importing distributor
23 that sold the malt or brewed beverages to the distributor. If a
24 licensee accepts the delivery of malt or brewed beverages or
25 transfers malt or brewed beverages in violation of this section,
26 the licensee shall be subject to suspension of his license for
27 at least thirty days: Provided, That the importing distributor
28 holding such distributing rights for such product shall not sell
29 or deliver the same to another importing distributor without
30 first having entered into a written agreement with the said

1 secondary importing distributor setting forth the terms and
2 conditions under which such products are to be resold within the
3 territory granted to the primary importing distributor by the
4 manufacturer. Nothing herein contained shall be construed to
5 prevent any manufacturer from authorizing the importing
6 distributor holding the distributing rights for a designated
7 geographical area from selling the products of such manufacturer
8 to another importing distributor also holding distributing
9 rights from the same manufacturer for another geographical area,
10 providing such authority be contained in writing and a copy
11 thereof be given to each of the importing distributors so
12 affected.

13 * * *

14 (d) (1) All distributing rights as hereinabove required
15 shall be in writing, shall be equitable in their provisions,
16 shall include all territorial assignments, shall be renegotiated
17 in good faith by the fifth anniversary of a written agreement
18 and shall be substantially similar as to terms and conditions
19 with all other distributing rights agreements between the
20 manufacturer giving such agreement and its other importing
21 distributors and distributors shall not be modified, cancelled,
22 terminated or rescinded by the manufacturer without good cause,
23 and shall contain a provision in substance or effect as follows:
24 "The manufacturer recognizes that the importing distributor and
25 distributor are free to manage their business in the manner the
26 importing distributor and distributor deem best and that this
27 prerogative vests in the importing distributor and distributor
28 the exclusive right to establish a selling price, to select the
29 brands of malt or brewed beverages they wish to handle and to
30 determine the efforts and resources which the importing

1 distributor and distributor will exert to develop and promote
2 the same of the manufacturer's products handled by the importing
3 distributor and distributor. However, the manufacturer expects
4 that the importing distributor and distributor will price
5 competitively the products handled by them, devote reasonable
6 effort and resources to the sale of such products and maintain a
7 reasonable sales level." "Good cause" shall mean the failure by
8 any party to an agreement, without reasonable excuse or
9 justification, to comply substantially with an essential,
10 reasonable and commercially acceptable requirement imposed by
11 the other party under the terms of an agreement[.] and the
12 giving of notice and the opportunity to rectify any claimed
13 deficiency in accordance with section 492(19), unless otherwise
14 expressly provided for. The term, for the purposes of
15 modification, cancellation, termination or rescission, may also
16 include fraudulent conduct by the importing distributor in its
17 dealings with the manufacturer or the manufacturer's products,
18 fraudulent conduct by a manufacturer in its dealings with the
19 importing distributor, the failure to negotiate any primary
20 distributor agreement in good faith and to accept any material
21 and commercially reasonable term being offered which is
22 substantially similar to terms and conditions offered in the
23 normal course of business. In the event the manufacturer or
24 importing distributor cannot renegotiate the written agreement
25 by the fifth anniversary despite good faith efforts, the parties
26 shall submit to binding mediation to establish the written
27 agreement between them. The parties shall agree on a single
28 mediator. In the event the parties do not agree on a mediator,
29 either party may petition a court of competent jurisdiction to
30 appoint a mediator. All mediation fees and expenses shall be

1 equally divided among the parties.

2 (1.1) Upon sixty days' written notice, a manufacturer may
3 terminate or rescind, in whole or in part, an agreement
4 pertaining to the distribution of the manufacturer's brands with
5 an existing importing distributor without good cause as long as
6 the termination does not cause irrevocable loss and the
7 manufacturer pays to the importing distributor an agreed to fair
8 market value of the importing distributor's business with
9 respect to the terminated or rescinded brand or brands. The
10 termination or rescission under this paragraph shall not be
11 permitted, and shall be enjoined by a competent court of common
12 pleas in this Commonwealth under paragraph (4) where the
13 termination causes irrevocable loss. For purposes of this
14 paragraph, "irrevocable loss" means the loss of volume of such
15 brand or brands accounting for more than ten per centum of the
16 entire liquid volume of malt or brewed beverages or gross sales
17 amount distributed by the importing distributor in the twelve
18 months preceding the written notice, whichever is less. Any and
19 all disputes concerning the fair market value shall be submitted
20 to a neutral arbitrator to be selected by the parties. In the
21 event the parties do not agree on a neutral arbitrator, either
22 party may petition a court of competent jurisdiction to appoint
23 a neutral arbitrator. Arbitration shall be conducted in
24 accordance with the commercial arbitration rules of the American
25 Arbitration Association. The neutral arbitrator shall decide
26 whether the payment made by the manufacturer to the importing
27 distributor is equal to the fair market value of the
28 distribution rights to be terminated. In the event the
29 arbitrator rules that the manufacturer's payment does not equal
30 fair market value, the neutral arbitrator will set an

1 appropriate award for the appropriate difference. All
2 arbitration fees and expenses shall be equally divided among the
3 parties except if the neutral arbitrator determines that the
4 manufacturer's payment on termination was not a good faith
5 estimate of the fair market value or the importing distributor's
6 contest of the fair market value was not in good faith, then the
7 neutral arbitrator may award up to one hundred per centum of the
8 arbitration costs, including attorney fees to the prevailing
9 party. For purposes of this section, "fair market value" means
10 the amount as may be defined in the written agreement, except
11 that, if not defined in the written agreement, the term shall
12 mean the amount a willing seller, under no compulsion to sell,
13 would be willing to accept, and a willing buyer, under no
14 compulsion to purchase, where both have knowledge of the
15 relevant facts would be willing to pay for the importing
16 distributor's business with respect to the brand or brands.

17 (1.2) Any importing distributor who is assigning, selling or
18 transferring all or any controlling interest of the importing
19 distributor's business, when the assignment, sale or transfer
20 involves distributing rights of a manufacturer, must seek the
21 consent of the manufacturer. A manufacturer may not unreasonably
22 withhold or delay consent to an importing distributor's request
23 for assignment, sale or transfer of a manufacturer's
24 distributing rights or selling of any controlling interest in
25 the importing distributor concerning the manufacturer's
26 distributing rights. A manufacturer may deny any request for
27 assignment, sale or transfer if the manufacturer, in the
28 exercise of the manufacturer's commercially reasonable judgment,
29 decides assignment, sale or transfer is not in the commercial
30 interests of the manufacturer. In the event that the

1 manufacturer does not approve the assignment, sale or transfer,
2 the manufacturer or its designee shall pay the importing
3 distributor or controlling interest seeking the consent an
4 amount equal to the fair market value of the manufacturer's
5 distributing rights as defined in this section. Any and all
6 disputes concerning fair market value shall be submitted to a
7 neutral arbitrator consistent with paragraph (1.1).

8 (2) After January 1, 1980, no manufacturer shall enter into
9 any agreement with more than one distributor or importing
10 distributor for the purpose of establishing more than one
11 agreement for designated brand or brands of malt or brewed
12 beverages in any one territory. Each franchise territory which
13 is granted by a manufacturer shall be geographically contiguous
14 or in counties which are contiguous with one another. All
15 importing distributors shall maintain sufficient records to
16 evidence compliance of this section. With regard to any
17 territorial distribution authority granted to an importing
18 distributor by a manufacturer of malt or brewed beverages after
19 January 1, 1996, the records shall establish that each and every
20 case of a brand of malt or brewed beverages for which the
21 importing distributor is assigned was sold, resold, stored,
22 delivered or transported by the importing distributor, either
23 from a point or to a point with the assigned geographically
24 contiguous territory or in counties which are contiguous with
25 one another, to any person or persons, whether such person or
26 persons are licensed by this act or not licensed by this act.

27 (3) Except for discontinuance of a brand [or], a valid
28 termination for good cause[,] or a valid termination without
29 cause under paragraph (1.1), the purchaser of the assets of the
30 manufacturer as defined in this act shall become obligated to

1 all the territorial and brand designations of the agreement in
2 effect on the date of purchase. Purchase of assets as defined
3 for the purposes of this act shall include, but not be limited
4 to, the sale of stock, sale of assets, merger, lease, transfer
5 or consolidation.

6 (4) The court of common pleas of the county wherein the
7 licensed premises of the importing distributor or distributor
8 are located is hereby vested with jurisdiction and power to
9 enjoin the modification, rescission, cancellation or termination
10 of a franchise or agreement between a manufacturer and an
11 importing distributor or distributor at the instance of such
12 importing distributor or distributor who is or might be
13 adversely affected by such modification, rescission,
14 cancellation or termination, and in granting an injunction the
15 court shall provide that no manufacturer shall supply the
16 customers or territory of the importing distributor or
17 distributor by servicing the territory or customers through
18 other importing distributors or distributors or any other means
19 while the injunction is in effect: Provided, however, That any
20 injunction issued under this subsection shall require the
21 posting of sufficient bond against damages arising from an
22 injunction improvidently granted and a showing that the danger
23 of irrevocable loss or damage is immediate, except as set forth
24 in paragraph (1.1), and that during the pendency of such
25 injunction the importing distributor or distributor shall
26 continue to service the accounts of the manufacturer in good
27 faith.

28 (5) The provisions of this subsection shall not apply to
29 Pennsylvania manufacturers whose principal place of business is
30 located in Pennsylvania unless they name or constitute a

1 distributor or importing distributor as a primary or original
2 supplier of their products subsequent to the effective date of
3 this act, or unless such Pennsylvania manufacturers have named
4 or constituted a distributor or importing distributor as a
5 primary or original supplier of their products prior to the
6 effective date of this act, and which status is continuing when
7 this act becomes effective.

8 * * *

9 Section 3. Sections 491(2) and (7) and 492(19) and (20) of
10 the act are amended to read:

11 Section 491. Unlawful Acts Relative to Liquor, Alcohol and
12 Liquor Licensees.--

13 It shall be unlawful--

14 * * *

15 (2) Possession or Transportation of Liquor or Alcohol. For
16 any person [, except a manufacturer or the board or the holder
17 of a sacramental wine license or of an importer's license], or
18 licensee, to possess or transport any liquor or alcohol within
19 this Commonwealth which was not lawfully acquired prior to
20 January first, one thousand nine hundred and thirty-four, or has
21 not been purchased from a Pennsylvania Liquor Store or a
22 licensed limited winery, distillery or manufacturer in
23 Pennsylvania, except in accordance with section 488 [or], the
24 board's regulations or as otherwise provided in this act. In
25 addition, it shall be lawful for anyone to possess miniatures
26 totaling less than one gallon purchased in another state or a
27 foreign country. The burden shall be upon the person possessing
28 or transporting such malt or brewed beverages, liquor or alcohol
29 to prove that it was so acquired. Notwithstanding this section
30 or any other provision of the law, wine may be produced by any

1 person without a license if the wine is not produced for sale
2 and total production does not exceed two hundred gallons per
3 calendar year. Wine produced in accordance with this clause may
4 be used at organized affairs, exhibitions, competitions,
5 contests, tastings or judgings if it is not sold or offered for
6 sale.

7 None of the provisions herein contained shall prohibit nor
8 shall it be unlawful for any person to import into Pennsylvania,
9 transport or have in his possession, an amount of liquor not
10 exceeding one gallon in volume upon which a State tax has not
11 been paid, if it can be shown to the satisfaction of the board
12 that such person purchased the liquor in a foreign country or
13 United States territory and was allowed to bring it into the
14 United States. Neither shall the provisions contained herein
15 prohibit nor make it unlawful for (i) any member of the armed
16 forces on active duty, or (ii) any retired member of the armed
17 forces, or (iii) any totally disabled veteran, or (iv) the
18 spouse of any person included in the foregoing classes of
19 persons to import into Pennsylvania, transport or have in his
20 possession an amount of liquor not exceeding one gallon per
21 month in volume upon which the State tax has not been paid, so
22 long as such liquor has been lawfully purchased from a package
23 store established and maintained under the authority of the
24 United States and is in containers identified in accordance with
25 regulations issued by the Department of Defense. Such liquor
26 shall not be possessed, offered for sale or sold on any licensed
27 premises. The term "package store" as used in this clause shall
28 mean those retail operations located on any of the United States
29 military installations, including an installation of the Army,
30 Navy, Air Force, Marine Corps [or], Coast Guard or Space Force.

1 None of the provisions herein contained shall prohibit nor
2 shall it be unlawful for any consul general, consul or other
3 diplomatic officer of a foreign government to import into
4 Pennsylvania, transport or have in his possession liquor upon
5 which a State tax has not been paid, if it can be shown to the
6 satisfaction of the board that such person acquired the liquor
7 in a foreign country and was allowed to bring it into the United
8 States. Such liquor shall not be possessed, offered for sale or
9 sold on any licensed premises.

10 Any person violating the provisions of this clause for a
11 first offense involving the possession or transportation in
12 Pennsylvania of any liquor in a package (bottle or other
13 receptacle) or wine not purchased from a Pennsylvania Liquor
14 Store or from a licensed limited winery in Pennsylvania, with
15 respect to which satisfactory proof is produced that the
16 required Federal tax has been paid and which was purchased,
17 procured or acquired legally outside of Pennsylvania shall upon
18 conviction thereof in a summary proceeding be sentenced to pay a
19 fine of twenty-five dollars (\$25) for each such package, plus
20 costs of prosecution, or undergo imprisonment for a term not
21 exceeding ninety (90) days. Each full quart or major fraction
22 thereof shall be considered a separate package (bottle or other
23 receptacle) for the purposes of this clause. Such packages of
24 liquor shall be forfeited to the Commonwealth in the manner
25 prescribed in Article VI of this act but the vehicle, boat,
26 vessel, animal or aircraft used in the illegal transportation of
27 such packages shall not be subject to forfeiture: Provided,
28 however, That if it is a second or subsequent offense or if it
29 is established that the illegal possession or transportation was
30 in connection with a commercial transaction, then the other

1 provisions of this act providing for prosecution as a
2 misdemeanor and for the forfeiture of the vehicle, boat, vessel,
3 animal or aircraft shall apply.

4 * * *

5 (7) Sales of Liquor by Manufacturers and Licensed Importers.

6 [For] Except as otherwise provided, for any manufacturer or
7 licensed importer of liquor in this Commonwealth, [his] their
8 agents, servants or employes, to sell or offer to sell any
9 liquor in this Commonwealth except to the board for use in
10 Pennsylvania Liquor Stores, and in the case of a manufacturer,
11 to the holder of a sacramental wine license or an importer's
12 license. Notwithstanding any other provision of this act, a
13 manufacturer or licensed importer may sell or offer to sell
14 liquor for delivery outside of this Commonwealth.

15 * * *

16 Section 492. Unlawful Acts Relative to Malt or Brewed
17 Beverages and Licensees.--

18 It shall be unlawful--

19 * * *

20 (19) Modifying or Terminating Distributing Rights Agreement.

21 For any manufacturer or any officer, agent or representative of
22 any manufacturer to modify, cancel, terminate, rescind or not
23 renew[, without good cause,] any distributing rights agreement
24 without complying with section 431(d), and in no event shall any
25 modification, cancellation, termination, rescission or
26 nonrenewal of any distributing rights agreement become effective
27 for at least ninety (90) days after written notice of such
28 modification, cancellation, termination, rescission or intention
29 not to renew has been served on the affected party and board by
30 certified mail, return receipt requested, except by written

1 consent of the parties to the agreement unless otherwise
2 provided under section 431(d). The notice shall state all the
3 reasons for the intended modification, termination,
4 cancellation, rescission or nonrenewal, if applicable. The
5 distributor or importing distributor holding such agreement
6 shall have ninety (90) days in which to rectify any claimed
7 deficiency, or challenge the alleged cause.

8 If the deficiency shall be rectified within ninety (90) days
9 of notice, then the proposed modification, termination,
10 cancellation, rescission or nonrenewal shall be null and void
11 and without legal effect.

12 If the notice states as one of the reasons for the intended
13 modification, cancellation, termination, rescission or renewal
14 that the importing distributor or distributor's equipment or
15 warehouse requires major changes or additions, then if the
16 distributor or importing distributor shall have taken some
17 positive action to comply with the required changes or
18 additions, the distributor or importing distributor shall have
19 deemed to have complied with the deficiency as set forth in the
20 notice. The notice provisions of this section shall not apply if
21 the reason for termination, cancellation or nonrenewal is
22 insolvency, assignment for the benefit of creditors, bankruptcy,
23 liquidation, fraudulent conduct in its dealings with the
24 manufacturer, revocation or suspension for more than a thirty
25 (30) day period of the importing distributor or distributor
26 license.

27 (20) Interference with Transfer of License, Business or
28 Franchise. (i) For any manufacturer to interfere with or prevent
29 any distributor or importing distributor from selling [or],
30 transferring [his] or assigning a license, business or

1 franchise, whether before or after notice of modification,
2 cancellation, termination, rescission or nonrenewal has been
3 given, provided the proposed purchaser of the business of the
4 distributor or importing distributor meets the material
5 qualifications and standards required of the manufacturers other
6 distributors or importing distributors; (ii) if the proposed
7 transfer of the distributor or importing distributor's business
8 is to a surviving spouse or adult child, the manufacturer shall
9 not, for any reason, interfere with, or prevent, the transfer of
10 the distributor or importing distributor's license, business or
11 franchise. Any subsequent transfer by surviving spouse or adult
12 child shall thereafter be subject to the provisions of subclause
13 (i) above[.] as well as any franchise or distributing rights to
14 any current owner of the importing distributor or distributor.
15 Any surviving spouse or adult child of a current owner of the
16 importing distributor or distributor, a spouse or adult child of
17 a current owner, a trust for the benefit of a spouse or the
18 children of a current owner or a partnership, corporation or
19 other business entity of which a current owner, spouse or adult
20 child, or any combination thereof, owns more than fifty (50%)
21 percent, or unreasonably withhold or delay its written consent
22 to any other sale, transfer or assignment of an importing
23 distributor or distributor's license, business franchise or
24 distributing rights.

25 * * *

26 Section 4. The amendment of section 431(d) of the act shall
27 apply to contracts and agreements entered into on or after the
28 effective date of this section.

29 Section 5. This act shall take effect in 120 days.