

HOUSE BILL 522

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1998 Regular Session
8r1754
CF 8r2138

By: **Delegates Kirk, C. Mitchell, Watson, and Hurson**
Introduced and read first time: February 5, 1998
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Successor Beer Manufacturers**

3 FOR the purpose of clarifying the identity of a successor beer manufacturer for
4 purposes of certain agreements involving beer manufacturers who leave the
5 business, successor beer manufacturers, and surviving beer distributors.

6 BY repealing and reenacting, with amendments,
7 Article 2B - Alcoholic Beverages
8 Section 21-103
9 Annotated Code of Maryland
10 (1996 Replacement Volume and 1997 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article 2B - Alcoholic Beverages**

14 21-103.

15 (a) (1) In this section, the following words have the meanings indicated.

16 (2) "Agreement" means oral or written evidence between a beer
17 manufacturer and beer distributor where the distributor is granted the right to offer
18 and sell the brands of beer offered by the beer manufacturer.

19 (3) "Beer manufacturer" means every brewer, fermenter, processor,
20 bottler or packager of beer located within or without the State of Maryland, or any
21 other person whether located within or without the State of Maryland who enters into
22 an "agreement" with any beer distributor doing business in the State of Maryland.

23 (4) "Gross profit" means:

24 (i) The beer distributors selling price of the subject brand of beer;
25 less

1 (ii) The FOB cost and the transportation cost of the brand to the
2 beer distributor.

3 (5) "SUCCESSOR BEER MANUFACTURER" INCLUDES A PERSON OR
4 LICENSEE WHO REPLACES A BEER MANUFACTURER WITH THE RIGHT TO SELL,
5 DISTRIBUTE, OR IMPORT A BRAND OF BEER.

6 (b) Except for the discontinuance of a brand of beer or for good cause shown as
7 provided under § 17-103 of this article, a successor beer manufacturer that continues
8 in the business is obligated under the agreement that was made between the previous
9 beer manufacturer and the surviving beer distributor under all the terms and
10 conditions of that agreement that were in effect on the date of change of beer
11 manufacturers.

12 (c) A successor beer manufacturer who violates any of the agreement
13 provisions required to be continued under subsection (b) of this section shall
14 remunerate the beer distributor a sum equal to the total of the gross profit for the sale
15 of the subject brand or brands of beer for 2 years prior calculated from the date of
16 violation.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 1998.