

BILL ANALYSIS

Senate Research Center

S.B. 1873
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Economic Development
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As Filed

DIGEST

Under the Alcoholic Beverage Code, the Beer Industry Fair Dealing Law has been subject to multiple interpretations. S.B. 1873 clarifies that no beer manufacturer may cancel or refuse to renew a distributorship agreement without good cause.

PURPOSE

As proposed, S.B. 1873 clarifies that no beer manufacturer may cancel or refuse to renew a distributorship agreement without good cause.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 102.77(a), Alcoholic Beverage Code, to require any manufacturer who, without good cause as finally determined by a procedure authorized in this subchapter, cancels, terminates, or fails to renew any agreement, or unlawfully denies approval of, or unreasonably withholds consent, to any assignment, transfer, or sale of a distributor's business assets or voting stock or other equity securities, to pay such distributor with whom it has an agreement pursuant to Section 102.51 of this code the fair market value of the distributor's business with relation to the affected brand or brands.

SECTION 2. Emergency clause.

Effective date: upon passage.