



Bill Title: Contractual Relationships between Distributors and Producers of Malt Beverages

Bill Number: ESHB 1441

Effective Date: July 26, 2009

Amends several sections of RCW 19.126

Background:

Distributors and suppliers of malt beverages are regulated under both state liquor laws and the Wholesale Distributor/Supplier Equity Agreement Act (Act). The Act regulates the relationship between malt beverage suppliers and distributors. Under the Act, suppliers and distributors are entitled to certain protections which must be incorporated into distributorship agreements. A supplier is any malt beverage importer or manufacturer who produces 50,000 or more barrels annually.

The Act sets forth specific processes for terminating or cancelling agreements, requires compensation when agreements are terminated or cancelled, and delineates reasons for termination or cancellation that do not require compensation.

Summary:

The production threshold for excluding malt liquor manufacturers from the definition of "supplier" subject to the Act is changed from 50,000 barrels annually to 200,000 barrels annually.

Rather than requiring that specific protections be incorporated into agreements of distributorships, the protections are deemed to be incorporated. If there is a material change to an agreement, the revised agreement is considered to be a new agreement when determining the law applicable to the agreement. A prevailing party in an arbitration other than an arbitration to determine compensation due to a terminated distributor is entitled to reasonable attorney's fees and costs.