
SENATE BILL NO. 410—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

MARCH 28, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing alcoholic beverages.
(BDR 52-617)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to alcoholic beverages; clarifying provisions governing a franchise agreement between a supplier and a wholesaler of alcoholic beverages; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law prohibits a supplier of alcoholic beverages from unilaterally
2 terminating, refusing to continue or causing a wholesaler to resign from a franchise
3 agreement with a wholesaler, unless the supplier has good cause for the
4 termination, noncontinuance or causing of that resignation. Under existing law, this
5 prohibition does not apply if: (1) the supplier sells less than a certain quantity of
6 alcoholic beverages in this State in any calendar year; or (2) the supplier operates a
7 winery located in a county whose population is 100,000 or less (currently all
8 counties other than Clark and Washoe Counties). This bill clarifies that if a supplier
9 sells less than the specified quantity in this State during any calendar year, the
10 supplier may terminate, refuse to continue or cause a wholesaler to resign from a
11 franchise agreement without first establishing good cause for that termination,
12 noncontinuance or causing of that resignation.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 597.160 is hereby amended to read as follows:
2 597.160 1. Except as otherwise provided in subsection 4, if
3 more than one franchise for the same brand or brands of malt
4 beverages, distilled spirits and wines, or all of them, is granted to
5 different wholesalers in this state, it is a violation of NRS 597.120



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1 to 597.180, inclusive, for any supplier to discriminate between such
2 wholesalers with respect to any of the terms, provisions and
3 conditions of these franchises.

4 2. Except as otherwise provided in this subsection and
5 notwithstanding the terms, provisions or conditions of any franchise,
6 a supplier shall not unilaterally terminate or refuse to continue any
7 franchise with a wholesaler or cause a wholesaler to resign from that
8 franchise unless the supplier has first established good cause for that
9 termination, noncontinuance or causing of that resignation. ~~[This~~
10 ~~subsection does not apply to a]~~ A supplier ~~[who]~~ *may unilaterally*
11 *terminate or refuse to continue any franchise with a wholesaler or*
12 *cause a wholesaler to resign from that franchise without first*
13 *establishing good cause for that termination, noncontinuance or*
14 *causing of that resignation if:*

15 (a) *During any calendar year, the supplier* sells less than 2,500
16 barrels of malt beverages, less than 250 cases of distilled spirits or
17 less than 2,000 cases of wine in this ~~[state in any calendar year, or~~
18 ~~who] state; or~~

19 (b) *The supplier* operates a winery pursuant to NRS 597.240.

20 3. A wholesaler may, within 60 days after he or she receives a
21 notice required pursuant to NRS 597.155, correct any failure to
22 comply with the terms, provisions and conditions of the franchise
23 alleged by the supplier.

24 4. Unless otherwise specified by contract between the supplier
25 and wholesaler, a supplier shall not grant more than one franchise to
26 a wholesaler for any brand of alcoholic beverage in a marketing
27 area.

28 **Sec. 2.** This act becomes effective on July 1, 2011.

