
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1370 Session of
2020

INTRODUCED BY LAUGHLIN, YUDICHAK, MENSCH, SANTARSIERO, ARGALL,
SCHWANK, AUMENT, VOGEL, BAKER, SCAVELLO, PHILLIPS-HILL,
DISANTO, COLLETT, DINNIMAN, A. WILLIAMS, BOSCOLA, J. WARD,
STREET AND L. WILLIAMS, NOVEMBER 16, 2020

REFERRED TO LAW AND JUSTICE, NOVEMBER 16, 2020

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 definitions of "alcoholic cider," "fermented
27 fruit beverage" and "malt or brewed beverages" in section 102 of

1 the act of April 12, 1951 (P.L.90, No.21), known as the Liquor
2 Code, added or amended July 2, 2019 (P.L.324, No.45), are
3 amended to read:

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

7 * * *

8 "Alcoholic cider" shall mean a beverage which may contain
9 carbonation in an amount not to exceed six and four tenths grams
10 per liter, produced through alcoholic fermentation, which is
11 primarily derived from apples, apple juice concentrate and water
12 or pears, pear juice concentrate and water, consisting of at
13 least one-half of one per centum, but not greater than eight and
14 one-half per centum, alcohol by volume and sold or offered for
15 sale as alcoholic cider and not as a wine[, a wine product] or
16 as a substitute for wine, in bottles, cases, kegs, cans or other
17 suitable containers of the type used for the sale of malt or
18 brewed beverages in this Commonwealth.

19 * * *

20 "Fermented fruit beverage" shall mean a beverage which may
21 contain carbonation in an amount not to exceed six and four
22 tenths grams per liter, produced through alcoholic fermentation
23 of fruit, fruit juice, fruit juice concentrate and water with or
24 without flavorings, consisting of at least one-half of one per
25 centum, but not greater than eight and one-half per centum,
26 alcohol by volume and sold or offered for sale not as a wine[, a
27 wine product] or a substitute for wine, in bottles, cases, kegs,
28 cans or other suitable containers of the type used for the sale
29 of malt or brewed beverages in this Commonwealth.

30 * * *

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

19 * * *

20 Section 2. Section 431(b) and (d) of the act, amended June 5,
21 2020 (P.L.213, No.29), are amended to read:

22 Section 431. Malt and Brewed Beverages Manufacturers',
23 Distributors' and Importing Distributors' Licenses.--* * *

24 (b) The board shall issue to any reputable person who
25 applies therefor, and pays the license fee hereinafter
26 prescribed, a distributor's or importing distributor's license
27 for the place which such person desires to maintain for the sale
28 of malt or brewed beverages, not for consumption on the premises
29 where sold, and in quantities of not less than a case or
30 original containers containing one hundred twenty-eight ounces

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

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

18 Except as hereinafter provided, such license shall authorize
19 the holder thereof to sell or deliver malt or brewed beverages
20 in quantities above specified anywhere within the Commonwealth
21 of Pennsylvania, which, in the case of distributors, have been
22 purchased only from persons licensed under this act as
23 manufacturers or importing distributors, and in the case of
24 importing distributors, have been purchased from manufacturers,
25 liquor importers or persons outside this Commonwealth engaged in
26 the legal sale of malt or brewed beverages or from manufacturers
27 or importing distributors licensed under this article. In the
28 case of an importing distributor, the holder of such a license
29 shall be authorized to store and repackage malt or brewed
30 beverages owned by a manufacturer at a segregated portion of a

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

24 Each out of State manufacturer of malt or brewed beverages
25 whose products are sold and delivered in this Commonwealth shall
26 give distributing rights for such products in designated
27 geographical areas to specific importing distributors, and such
28 importing distributor shall not sell or deliver malt or brewed
29 beverages manufactured by the out of State manufacturer to any
30 person issued a license under the provisions of this act whose

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

26 When a Pennsylvania manufacturer of malt or brewed beverages
27 licensed under this article names or constitutes a distributor
28 or importing distributor as the primary or original supplier of
29 his product, he shall also designate the specific geographical
30 area for which the said distributor or importing distributor is

1 given distributing rights, and such distributor or importing
2 distributor shall not sell or deliver the products of such
3 manufacturer to any person issued a license under the provisions
4 of this act whose licensed premises are not located within the
5 geographical area for which distributing rights have been given
6 to the distributor and importing distributor by the said
7 manufacturer. In addition, the holder of a distributor license
8 may not sell or deliver malt or brewed beverages to a licensee
9 whose licensed premises is located within the designated
10 geographical area granted to an importing distributor other than
11 the importing distributor that sold the malt or brewed beverages
12 to the distributor. If the licensee purchasing the malt or
13 brewed beverages from the distributor license holder holds
14 multiple licenses or operates at more than one location, the
15 malt or brewed beverages may not be consumed or sold at licensed
16 premises located within the designated geographical area granted
17 to an importing distributor other than the importing distributor
18 that sold the malt or brewed beverages to the distributor. If a
19 licensee accepts the delivery of malt or brewed beverages or
20 transfers malt or brewed beverages in violation of this section,
21 the licensee shall be subject to suspension of his license for
22 at least thirty days: Provided, That the importing distributor
23 holding such distributing rights for such product shall not sell
24 or deliver the same to another importing distributor without
25 first having entered into a written agreement with the said
26 secondary importing distributor setting forth the terms and
27 conditions under which such products are to be resold within the
28 territory granted to the primary importing distributor by the
29 manufacturer. Nothing herein contained shall be construed to
30 prevent any manufacturer from authorizing the importing

1 distributor holding the distributing rights for a designated
2 geographical area from selling the products of such manufacturer
3 to another importing distributor also holding distributing
4 rights from the same manufacturer for another geographical area,
5 providing such authority be contained in writing and a copy
6 thereof be given to each of the importing distributors so
7 affected.

8 * * *

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

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

27 (1.1) Upon sixty days' written notice, a manufacturer may
28 terminate or rescind, in whole or in part, an agreement
29 pertaining to the distribution of the manufacturer's brands with
30 an existing importing distributor without good cause as long as

1 the termination does not cause irrevocable loss and the
2 manufacturer pays to the importing distributor an agreed to fair
3 market value of the importing distributor's business with
4 respect to the terminated or rescinded brand or brands. The
5 termination or rescission under this paragraph shall not be
6 permitted, and shall be enjoined by a competent court of common
7 pleas in this Commonwealth under paragraph (4) where the
8 termination causes irrevocable loss. For purposes of this
9 paragraph, "irrevocable loss" means the loss of volume of such
10 brand or brands accounting for more than ten per centum of the
11 entire liquid volume of malt or brewed beverages or gross sales
12 amount distributed by the importing distributor in the twelve
13 months preceding the written notice, whichever is less. Any and
14 all disputes concerning the fair market value shall be submitted
15 to a neutral arbitrator to be selected by the parties. In the
16 event the parties do not agree on a neutral arbitrator, either
17 party may petition a court of competent jurisdiction to appoint
18 a neutral arbitrator. Arbitration shall be conducted in
19 accordance with the commercial arbitration rules of the American
20 Arbitration Association. The neutral arbitrator shall decide
21 whether the payment made by the manufacturer to the importing
22 distributor is equal to the fair market value of the
23 distribution rights to be terminated. In the event the
24 arbitrator rules that the manufacturer's payment does not equal
25 fair market value, the neutral arbitrator will set an
26 appropriate award for the appropriate difference. All
27 arbitration fees and expenses shall be equally divided among the
28 parties except if the neutral arbitrator determines that the
29 manufacturer's payment on termination was not a good faith
30 estimate of the fair market value or the importing distributor's

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

12 (1.2) Any importing distributor who is assigning, selling or
13 transferring all or any controlling interest of the importing
14 distributor's business, when the assignment, sale or transfer
15 involves distributing rights of a manufacturer, must seek the
16 consent of the manufacturer. A manufacturer may not unreasonably
17 withhold or delay consent to an importing distributor's request
18 for assignment, sale or transfer of a manufacturer's
19 distributing rights or selling of any controlling interest in
20 the importing distributor concerning the manufacturer's
21 distributing rights. A manufacturer may deny any request for
22 assignment, sale or transfer if the manufacturer, in the
23 exercise of the manufacturer's commercially reasonable judgment,
24 decides assignment, sale or transfer is not in the commercial
25 interests of the manufacturer. In the event that the
26 manufacturer does not approve the assignment, sale or transfer,
27 the manufacturer or its designee shall pay the importing
28 distributor or controlling interest seeking the consent an
29 amount equal to the fair market value of the manufacturer's
30 distributing rights as defined in this section. Any and all

1 disputes concerning fair market value shall be submitted to a
2 neutral arbitrator consistent with paragraph (1.1).

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

22 (3) Except for discontinuance of a brand [or], a valid
23 termination for good cause[,] or a valid termination without
24 cause under paragraph (1.1), the purchaser of the assets of the
25 manufacturer as defined in this act shall become obligated to
26 all the territorial and brand designations of the agreement in
27 effect on the date of purchase. Purchase of assets as defined
28 for the purposes of this act shall include, but not be limited
29 to, the sale of stock, sale of assets, merger, lease, transfer
30 or consolidation.

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

23 (5) The provisions of this subsection shall not apply to
24 Pennsylvania manufacturers whose principal place of business is
25 located in Pennsylvania unless they name or constitute a
26 distributor or importing distributor as a primary or original
27 supplier of their products subsequent to the effective date of
28 this act, or unless such Pennsylvania manufacturers have named
29 or constituted a distributor or importing distributor as a
30 primary or original supplier of their products prior to the

1 effective date of this act, and which status is continuing when
2 this act becomes effective.

3 * * *

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

6 Section 491. Unlawful Acts Relative to Liquor, Alcohol and
7 Liquor Licensees.--

8 It shall be unlawful--

9 * * *

10 (2) Possession or Transportation of Liquor or Alcohol. For
11 any person [, except a manufacturer or the board or the holder
12 of a sacramental wine license or of an importer's license], or
13 licensee, to possess or transport any liquor or alcohol within
14 this Commonwealth which was not lawfully acquired prior to
15 January first, one thousand nine hundred and thirty-four, or has
16 not been purchased from a Pennsylvania Liquor Store or a
17 licensed limited winery, distillery or manufacturer in
18 Pennsylvania, except in accordance with section 488 [or], the
19 board's regulations or as otherwise provided in this act. In
20 addition, it shall be lawful for anyone to possess miniatures
21 totaling less than one gallon purchased in another state or a
22 foreign country. The burden shall be upon the person possessing
23 or transporting such malt or brewed beverages, liquor or alcohol
24 to prove that it was so acquired. Notwithstanding this section
25 or any other provision of the law, wine may be produced by any
26 person without a license if the wine is not produced for sale
27 and total production does not exceed two hundred gallons per
28 calendar year. Wine produced in accordance with this clause may
29 be used at organized affairs, exhibitions, competitions,
30 contests, tastings or judgings if it is not sold or offered for

1 sale.

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

26 None of the provisions herein contained shall prohibit nor
27 shall it be unlawful for any consul general, consul or other
28 diplomatic officer of a foreign government to import into
29 Pennsylvania, transport or have in his possession liquor upon
30 which a State tax has not been paid, if it can be shown to the

1 satisfaction of the board that such person acquired the liquor
2 in a foreign country and was allowed to bring it into the United
3 States. Such liquor shall not be possessed, offered for sale or
4 sold on any licensed premises.

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

29 * * *

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

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

10 * * *

11 Section 492. Unlawful Acts Relative to Malt or Brewed
12 Beverages and Licensees.--

13 It shall be unlawful--

14 * * *

15 (19) Modifying or Terminating Distributing Rights Agreement.
16 For any manufacturer or any officer, agent or representative of
17 any manufacturer to modify, cancel, terminate, rescind or not
18 renew[, without good cause,] any distributing rights agreement
19 without complying with section 431(d), and in no event shall any
20 modification, cancellation, termination, rescission or
21 nonrenewal of any distributing rights agreement become effective
22 for at least ninety (90) days after written notice of such
23 modification, cancellation, termination, rescission or intention
24 not to renew has been served on the affected party and board by
25 certified mail, return receipt requested, except by written
26 consent of the parties to the agreement unless otherwise
27 provided under section 431(d). The notice shall state all the
28 reasons for the intended modification, termination,
29 cancellation, rescission or nonrenewal, if applicable. The
30 distributor or importing distributor holding such agreement

1 shall have ninety (90) days in which to rectify any claimed
2 deficiency, or challenge the alleged cause.

3 If the deficiency shall be rectified within ninety (90) days
4 of notice, then the proposed modification, termination,
5 cancellation, rescission or nonrenewal shall be null and void
6 and without legal effect.

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

22 (20) Interference with Transfer of License, Business or
23 Franchise. (i) For any manufacturer to interfere with or prevent
24 any distributor or importing distributor from selling [or],
25 transferring [his] or assigning a license, business or
26 franchise, whether before or after notice of modification,
27 cancellation, termination, rescission or nonrenewal has been
28 given, provided the proposed purchaser of the business of the
29 distributor or importing distributor meets the material
30 qualifications and standards required of the manufacturers other

1 distributors or importing distributors; (ii) if the proposed
2 transfer of the distributor or importing distributor's business
3 is to a surviving spouse or adult child, the manufacturer shall
4 not, for any reason, interfere with, or prevent, the transfer of
5 the distributor or importing distributor's license, business or
6 franchise. Any subsequent transfer by surviving spouse or adult
7 child shall thereafter be subject to the provisions of subclause
8 (i) above[.] as well as any franchise or distributing rights to
9 any current owner of the importing distributor or distributor.
10 Any surviving spouse or adult child of a current owner of the
11 importing distributor or distributor, a spouse or adult child of
12 a current owner, a trust for the benefit of a spouse or the
13 children of a current owner or a partnership, corporation or
14 other business entity of which a current owner, spouse or adult
15 child, or any combination thereof, owns more than fifty (50%)
16 percent, or unreasonably withhold or delay its written consent
17 to any other sale, transfer or assignment of an importing
18 distributor or distributor's license, business franchise or
19 distributing rights.

20 * * *

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

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