

SENATE BILL 686

By Green

AN ACT to amend Tennessee Code Annotated, Title 57,  
relative to alcoholic beverages.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-301(e), is amended by adding the following language as new subdivisions:

(7) Any contract entered into or renewed by a manufacturer or importer and the wholesaler that is more than seven (7) years in length shall be considered contrary to the public policy of this state.

(8) As used in this section, "good cause" includes, but is not limited to:

(A) Failure by a wholesaler to comply substantially with the requirements imposed or sought to be imposed upon the wholesaler by the manufacturer, importer, or successor, which requirements are not discriminatory as compared with the requirements imposed on other similarly situated wholesalers either by their terms or in the manner of their enforcement, and which requirements are not in violation of any law or regulation;

(B) Failure by the wholesaler to act in good faith and in a commercially reasonable manner in carrying out the terms of the contract;

(C) Failure by the wholesaler to market similar products distributed by the wholesaler at the same level, thereby causing loss of sales for the product not being marketed at the same level;

(D) Voluntary abandonment of the contract;

(E) Conviction of the wholesaler in a court of competent jurisdiction of an offense punishable by a term of imprisonment in excess of one (1) year;

(F) Any act by a wholesaler that substantially impairs the manufacturer's, importer's, or successor's trademark or trade name;

(G) The institution of insolvency or bankruptcy proceedings by or against a wholesaler, or any assignment or attempted assignment by a wholesaler of the contract or the assets of the distributorship for the benefit of creditors;

(H) Failure of the wholesaler to pay to the manufacturer, importer, or successor within thirty (30) days after receipt of notice of any uncontested sums past due the manufacturer, importer, or successor and relating to the contract; or

(I) Failure of the wholesaler to comply with federal, state, or local law, or regulations applicable and material to the operation of the distributorship, which could reasonably impair the wholesaler's continued future performance.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.