

**Senate Bill No. 605**

(By Senators Williams and Minard)

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[Introduced February 21, 2011; referred to the Committee on the  
Judiciary.]  
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10 A BILL to amend and reenact §60-8-30 of the Code of West Virginia,  
11 1931, as amended, relating to allowing wine distribution  
12 agreements to be by geographic areas and not the state as a  
13 whole.

14 *Be it enacted by the Legislature of West Virginia:*

15 That §60-8-30 of the Code of West Virginia, 1931, as amended,  
16 be amended and reenacted to read as follows:

17 **ARTICLE 8. SALE OF WINES.**

18 **§60-8-30. Distribution agreement.**

19 ~~(a) It shall be illegal for any manufacturer, winery, farm~~  
20 ~~winery or supplier to enter into any exclusive franchise agreement~~  
21 ~~with any distributor whereby any such distributor is given the~~  
22 ~~exclusive right within this state or in any given territory within~~  
23 ~~this state to distribute the product or products of such~~  
24 ~~manufacturer which are to be sold or distributed pursuant to the~~  
25 ~~provisions of this article. Further, All agreements between a~~  
26 ~~manufacturer, winery, farm winery or supplier and a distributor~~

1 must be in writing and on file with the commissioner and all such  
2 agreements must provide for termination, for cause only, of either  
3 party provided that notice of termination is provided in writing  
4 and by certified mail to the commissioner and all parties to the  
5 agreement ninety days prior to the termination date. Once the  
6 notice has been received by either party, the distributor shall:  
7 (1) Use the ninety-day period to deplete such distributor's  
8 affected wine inventory; or (2) reach some agreement with the  
9 manufacturer, winery, farm winery or supplier to return unused  
10 salable wine inventory or receive payment for unused salable wine  
11 inventory. No new distributor shall be appointed until the  
12 conclusion of the ninety days or as the parties have otherwise  
13 agreed to complete the termination. For the purposes of this  
14 article, "salable" shall mean inventory fit for human consumption  
15 or as otherwise determined by the commissioner.

16 (b) A manufacturer, winery or supplier shall enter into an  
17 agreement with licensed wine distributors for the distribution of  
18 the products within a specific territory. The distributor is  
19 authorized to distribute the products within the territory covered  
20 by the agreement, however, no one distributor may be assigned the  
21 entire state as a territory: Provided, That the commissioner shall  
22 provide by legislative rule a dispute resolution mechanism to be  
23 authorized by the parties in the event there is an objection to the  
24 termination filed during the ninety-day period: Provided, however,  
25 That farm wineries are exempted from the provisions of this section  
26 as they apply to the territorial integrity of distribution rights

1 of wines.

NOTE: The purpose of this bill is to allow for only territorial distribution of wines and not state-wide distribution rights.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.