

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 524

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO BEER; AMENDING CHAPTER 10, TITLE 23, IDAHO CODE, BY THE ADDITION
2 OF A NEW SECTION 23-1032, IDAHO CODE, TO PROVIDE THAT IT SHALL BE UNLAW-
3 FUL FOR A BREWER TO HAVE ANY FINANCIAL INTEREST IN THE BUSINESS OF A LI-
4 CENSED DEALER OR WHOLESALER OF BEER, TO PROVIDE LIMITED EXCEPTIONS AND
5 TO PROVIDE THAT IT SHALL BE UNLAWFUL FOR A DEALER OR WHOLESALER OF BEER
6 TO HAVE ANY FINANCIAL INTEREST IN THE BUSINESS OF A LICENSED BREWER; AND
7 DECLARING AN EMERGENCY.
8

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Chapter 10, Title 23, Idaho Code, be, and the same is
11 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
12 ignated as Section 23-1032, Idaho Code, and to read as follows:

13 23-1032. FINANCIAL INTEREST IN DEALER OR WHOLESALER PROHIBITED. (1)
14 It shall be unlawful for any brewer, directly or indirectly, or through an
15 affiliate, subsidiary, officer, director, agent or employee to have any fi-
16 nancial interest in any licensed wholesaler's or dealer's business, or to
17 own or control any real property upon which a licensed dealer or wholesaler
18 conducts business, except:

19 (a) For a brewer licensed within the state of Idaho who produces fewer
20 than thirty thousand (30,000) barrels of beer annually and is duly li-
21 censed as a wholesaler as provided in section 23-1003(f), Idaho Code;

22 (b) If a licensed dealer or wholesaler has been granted distribution
23 rights by a brewer for a brand in a designated territory and is unable
24 to service the designated sales territory for reasons that are not the
25 result of an action by the brewer, or in the event of a termination,
26 cancellation, discontinuance or failure to renew a distribution agree-
27 ment between a brewer and a licensed dealer or wholesaler for reasons
28 set forth in section 23-1105, Idaho Code, such as insolvency, loss of
29 licensure or fraud and in accordance with the provisions of chapter 11,
30 title 23, Idaho Code, a brewer shall be allowed to appoint a temporary
31 licensed dealer or wholesaler to service the brewer's brands in the
32 designated sales territory and, for a period not to exceed five (5)
33 years, to have any financial interest in the temporary licensed dealer
34 or wholesaler; or

35 (c) If a licensed dealer or wholesaler is voluntarily selling its dis-
36 tribution rights, a brewer whose brand distribution rights are being
37 transferred may have any financial interest in the purchasing distribu-
38 tor for a period not to exceed five (5) years to assist in financing the
39 purchase.

40 (2) It shall be unlawful for any licensed wholesaler or dealer, di-
41 rectly or indirectly, or through an affiliate, subsidiary, officer, direc-
42 tor, agent or employee to have any financial interest in a licensed brewer's

1 business, or to own or control any real property upon which a licensed brewer
2 conducts business. This section shall not apply to a noncontrolling de min-
3 imis interest in stock held in a publicly traded company including mutual
4 funds.

5 SECTION 2. An emergency existing therefor, which emergency is hereby
6 declared to exist, this act shall be in full force and effect on and after its
7 passage and approval.