

SENATE BILL No. 500

By Committee on Federal and State Affairs

1-29

9 AN ACT concerning alcoholic liquors and cereal malt beverages; relating
10 to distributors and territorial franchises; amending K.S.A. 41-410 and
11 repealing the existing section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 41-410 is hereby amended to read as follows: 41-
15 410. (a) No distributor shall sell any alcoholic liquor or cereal malt bev-
16 erage in this state unless such distributor has filed with the director a
17 written notice stating each geographic territory, agreed upon in writing
18 between the distributor and a supplier of the distributor, within which
19 the distributor sells one or more brands of such supplier to retailers li-
20 censed under the Kansas liquor control act or under K.S.A. 41-2702, and
21 amendments thereto, or to clubs or drinking establishments licensed un-
22 der the club and drinking establishment act. Such notice shall be accom-
23 panied by a map outlining each geographic territory stated in the notice.
24 No manufacturer, importer or other supplier shall grant a franchise for
25 the distribution of a brand to more than one distributor for all or part of
26 any designated territory.

27 (b) Each supplier of alcoholic liquor or cereal malt beverage doing
28 business within this state shall file with the director a written notice de-
29 scribing each geographic territory, agreed upon in writing between the
30 supplier and a distributor, within which the distributor sells one or more
31 brands of the supplier to retailers licensed under the Kansas liquor control
32 act or under K.S.A. 41-2702, and amendments thereto, or to clubs or
33 drinking establishments licensed under the club and drinking establish-
34 ment act.

35 (c) No supplier or distributor shall terminate or modify a franchise
36 for the distribution of a brand of alcoholic liquor or cereal malt beverage
37 or alter the geographic territory designated in a franchise agreement un-
38 less such supplier or distributor files written notice thereof with the di-
39 rector not less than 30 days prior to the termination, modification or
40 alteration. In the case of an alteration in a franchise territory, such notice
41 shall be accompanied by a map outlining the altered territory. Upon re-
42 ceipt of such notice, the director shall notify immediately, by certified
43 mail, all affected parties of the impending termination, modification or

1 alteration.

2 (d) Any notice filed by a supplier pursuant to subsection (c) shall be
3 accompanied by an affidavit stating that the termination, modification or
4 alteration is not caused by the failure of the distributor to violate any
5 provision of the Kansas liquor control act or any rules and regulations
6 adopted pursuant thereto.

7 (e) Any supplier or distributor aggrieved by a termination, modifi-
8 cation or alteration made under subsection (c) may file an appropriate
9 action in any district court of this state having venue, alleging that the
10 termination, modification or alteration violates the franchise agreement
11 between the supplier and distributor involved.

12 (f) No franchise agreement for the distribution of a brand of alcoholic
13 liquor or cereal malt beverage shall be terminated or modified, nor shall
14 the territory designated in such an agreement be altered, except for rea-
15 sonable cause *which shall be determined by the director based upon ap-*
16 *propriate information provided by the parties to the agreement in con-*
17 *junction with the affidavit form ABC-161 which must be filed to initiate*
18 *a termination or modification of a franchise agreement. The director may*
19 *conduct, and at the request of any party shall conduct, a hearing on the*
20 *requested termination or modification in accordance with the provisions*
21 *of the Kansas administrative procedure act to determine if reasonable*
22 *cause exists. Any individual person or business entity aggrieved by a de-*
23 *cision or order of the director may appeal the order or decision in ac-*
24 *cordance with the provisions of the act for judicial review and civil en-*
25 *forcement of agency actions.*

26 (g) This section shall be part of and supplemental to the Kansas liquor
27 control act.

28 Sec. 2. K.S.A. 41-410 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.