

ORIGINAL SENATE  
FILE NO. SF0079

ENROLLED ACT NO. 20, SENATE

SIXTY-SEVENTH LEGISLATURE OF THE STATE OF WYOMING  
2024 BUDGET SESSION

AN ACT relating to malt beverages; providing a process for specified malt beverage manufacturers to terminate franchise agreements with malt beverage distributors without cause; providing for compensation to the distributor; providing for arbitration; specifying applicability; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 12-9-120 is created to read:

**12-9-120. Terminating a franchise agreement without cause; compensation; arbitration; applicability.**

(a) This section shall only apply to a franchise in which the franchisor annually produces twenty-five thousand (25,000) barrels of malt beverages in aggregate or less, including the production of malt beverages by any affiliate. For purposes of this section, malt beverages produced for a franchisor under a brand owned or controlled by the franchisor shall be attributed to the franchisor and not to the brewer producing the malt beverages for the franchisor.

(b) Notwithstanding any agreement or other provision of law, a franchise governed by this section may be terminated, not renewed, canceled or discontinued by the franchisor for any reason or no reason upon not less than forty-five (45) days written notice of the effective date of the termination, cancellation, nonrenewal or discontinuance of the franchise. Upon the effective date of any termination, cancellation, nonrenewal or discontinuance by a franchisor under this section, the franchisee shall be entitled to the following compensation:

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(i) The fair market value, as defined in W.S. 12-9-115(c), of the terminated, cancelled, not renewed or discontinued franchise; and

(ii) The repurchase of all the franchisor's merchantable product at an amount equal to the laid-in cost of the franchisee's inventory of the franchisor's products that are in the franchisee's warehouse or in transit to the franchisee. Unmerchantable products shall be disposed of in accordance with the preexisting agreement of the parties or, if no agreement exists, shall be disposed of with the franchisor and franchisee sharing equally in the costs of disposal.

(c) If the franchisor and franchisee have not agreed to the reasonable compensation as provided under subsection (b) of this section upon the effective date of the termination, cancellation, nonrenewal or discontinuance of the franchise, then on or before the termination date the franchisor shall pay the franchisee a good faith estimate of compensation due under this section, including a good faith estimate of fair market value. The franchisee shall make merchantable inventory available for pickup by the franchisor or its designee.

(d) If the franchisee believes that the payment made by the franchisor under subsection (c) of this section was less than the compensation due under subsection (b) or (e) of this section or if no payment is made, the franchisee may, within forty-five (45) days of the effective date of the termination, cancellation, nonrenewal or discontinuance of the franchise, submit the question of compensation due to final and binding arbitration in accordance with the following:

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(i) The manner of arbitration under this section shall be the manner agreed upon by the parties or, in the absence of an agreement, the arbitration shall proceed before a panel of three (3) arbitrators selected in accordance with the commercial rules of the American Arbitration Association;

(ii) If the arbitration concludes that the payment made by the franchisor to the franchisee upon termination was less than the compensation due under subsection (b) of this section, the franchisor shall pay the franchisee any additional amount of determined compensation, plus interest. If the arbitration concludes that the payment made by the franchisor to the franchisee upon termination was more than the compensation due by reason of the termination, the franchisee shall repay any determined overpayment to the franchisor, plus interest;

(iii) All arbitration fees and expenses shall be equally divided among the parties to the arbitration unless the arbitration determines that the franchisor's payment under subsection (c) of this section was not a good faith estimate of the compensation due in which event the arbitration may award up to one hundred percent (100%) of the arbitration costs to the franchisee;

(iv) The arbitration shall be final and binding and shall fully resolve the issue of compensation due to the franchisee from the franchisor under this section.

(e) Notwithstanding any other provision of this section, by written mutual agreement, regardless of whether the agreement existed before or after the termination, cancelation, nonrenewal or discontinuance of a franchise under this section, the franchisor and the franchisee may

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establish a method or formula for compensating a franchisee under this section.

(f) This section shall be effective on July 1, 2024. This section shall apply to:

(i) All franchise agreements entered on or after July 1, 2024;

(ii) Any franchise in existence on July 1, 2024 upon the amendment or renewal of the franchise. For purposes of this paragraph, if a franchise has an indefinite duration or has a duration of one (1) year or more after July 1, 2024 the franchise shall be deemed to be renewed on July 1, 2025.

**Section 2.** W.S. 12-9-104(a)(iv), 12-9-105(a)(intro) and 12-9-118(a) and (e) are amended to read:

**12-9-104. Unfair and prohibited acts.**

(a) It shall be a violation of this act for a manufacturer or manufacturer's officer, agent or other representative thereof:

(iv) Except as provided in W.S. 12-9-120, to terminate, cancel, fail to renew or refuse to continue the franchise of any distributor without good cause, as defined in this act. The nonrenewal of a franchise or selling agreement without good cause shall constitute an unfair termination or cancellation, regardless of the specified time period of the franchise or selling agreement;

**12-9-105. Distributor's resignation; cancellation; termination; failure to renew; refusal to continue.**

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(a) Notwithstanding any agreement and except as ~~otherwise~~ provided ~~for~~ in W.S. 12-9-120 or as otherwise provided in this act, a manufacturer shall not cause a distributor to resign from an agreement, or cancel, terminate, fail to renew or refuse to continue under an agreement unless the manufacturer has:

**12-9-118. Repurchase of inventory upon termination.**

(a) Except as otherwise provided in W.S. 12-9-120, whenever any malt beverage distributor enters into a franchise agreement with a manufacturer in which the distributor agrees to maintain an inventory of malt beverages and the franchise is subsequently terminated, the manufacturer shall repurchase the inventory as provided in this ~~act~~ section. If the distributor has any outstanding debts to the manufacturer, then the repurchase amount may be credited to the distributor's account.

(e) If any manufacturer shall fail or refuse to repurchase any inventory covered under the provisions of this ~~act~~ section within sixty (60) days after termination of a distributor's contract, he shall be civilly liable for one hundred percent (100%) of the current wholesale price of the inventory plus any freight charges paid by the distributor, the distributor's reasonable attorney's fees, court costs and interest on the current wholesale price computed at the legal interest rate.

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**Section 3.** This act is effective July 1, 2024.

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the Senate.

\_\_\_\_\_  
Chief Clerk