

AN ACT

RELATING TO PUBLIC PEACE, HEALTH AND SAFETY; REVISING THE DEFINITION OF "SUPPLIER" FOR THE PURPOSE OF FRANCHISE AGREEMENTS ENTERED INTO PURSUANT TO THE LIQUOR CONTROL ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 60-8A-7 NMSA 1978 (being Laws 1981, Chapter 39, Section 54, as amended) is amended to read:

"60-8A-7. FRANCHISES--DEFINITIONS.--As used in Sections 60-8A-7 through 60-8A-11 NMSA 1978:

A. "franchise" means a contract or agreement, either expressed or implied, whether written or oral, between a supplier and wholesaler, wherein:

(1) a commercial relationship of definite duration or continuing indefinite duration is involved; and

(2) the wholesaler is granted the right to buy and to offer, sell and distribute within this state or any designated area thereof such of the supplier's brand of packaged alcoholic beverages as may be agreed upon;

B. "good cause":

(1) includes failure by the wholesaler to substantially comply with the essential and reasonable provisions of a contract, agreement or understanding with a supplier;

(2) includes use of bad faith on the part of the wholesaler in carrying out the terms of the franchise; and

(3) does not include failure or refusal on the part of the wholesaler to engage in any trade practice, conduct or activity that may result in a violation of any

