



Ohio Revised Code

Section 4301.24 Rules for manufacturers and wholesale distributors.

Effective: September 28, 2016

Legislation: House Bill 342 - 131st General Assembly

(A) Except as provided in section 4301.242 of the Revised Code, no manufacturer shall aid or assist the holder of any permit for sale at wholesale, and no manufacturer or wholesale distributor shall aid or assist the holder of any permit for sale at retail, by gift or loan of any money or property of any description or other valuable thing, or by giving premiums or rebates. Except as provided in section 4301.242 of the Revised Code, no holder of any such permit shall accept the same, provided that the manufacturer or wholesale distributor may furnish to a retail permittee the inside signs or advertising and the tap signs or devices authorized by divisions (E) and (F) of section 4301.22 of the Revised Code.

(B) No manufacturer shall have any financial interest, directly or indirectly, by stock ownership, or through interlocking directors in a corporation, or otherwise, in the establishment, maintenance, or promotion in the business of any wholesale distributor. No retail permit holder shall have any interest, directly or indirectly, in the operation of, or any ownership in, the business of any wholesale distributor or manufacturer.

(C)(1) No manufacturer shall, except as authorized by section 4303.021 of the Revised Code, have any financial interest, directly or indirectly, by stock ownership, or through interlocking directors in a corporation, or otherwise, in the establishment, maintenance, or promotion of the business of any retail dealer. No wholesale distributor or employee of a wholesale distributor shall have any financial interest, directly or indirectly, by stock ownership, interlocking directors in a corporation, or otherwise, in the establishment, maintenance, or promotion of the business of any retail dealer. No manufacturer or wholesale distributor or any stockholder of a manufacturer or wholesale distributor shall acquire, by ownership in fee, leasehold, mortgage, or otherwise, directly or indirectly, any interest in the premises on which the business of any other person engaged in the business of trafficking in beer or intoxicating liquor is conducted.

(2) All contracts, covenants, conditions, and limitations whereby any person engaged or proposing to engage in the sale of beer or intoxicating liquors promises to confine the person's sales of a particular



kind or quality of beer or intoxicating liquor to one or more products, or the products of a specified manufacturer or wholesale distributor, or to give preference to those products, shall to the extent of that promise be void. The making of a promise in any such form shall be cause for the revocation or suspension of any permit issued to any party.

(D) No manufacturer shall sell or offer to sell to any wholesale distributor or retail permit holder, no wholesale distributor shall sell or offer to sell to any retail permit holder, and no wholesale distributor or retail permit holder shall purchase or receive from any manufacturer or wholesale distributor, any beer, brewed beverages, or wine manufactured in the United States except for cash. No right of action shall exist to collect any claims for credit extended contrary to this section.

This section does not prohibit a licensee from crediting to a purchaser the actual prices charged for packages or containers returned by the original purchaser as a credit on any sale or from refunding to any purchaser the amount paid by that purchaser for containers or as a deposit on containers when title is retained by the vendor, if those containers or packages have been returned to the manufacturer or distributor. This section does not prohibit a manufacturer from extending usual and customary credit for beer, brewed beverages, or wine manufactured in the United States and sold to customers who live or maintain places of business outside this state when the beverages so sold are actually transported and delivered to points outside this state.

No wholesale or retail permit shall be issued to an applicant unless the applicant has paid in full all accounts for beer or wine, manufactured in the United States, outstanding as of September 6, 1939. No beer or wine manufactured in the United States shall be imported into the state unless the beer or wine has been paid for in cash, and no supplier registration for any such beer or wine manufactured in the United States shall be issued by the division of liquor control until the A-2, A-2f, B-1, or B-5 permit holder establishes to the satisfaction of the division that the beer or wine has been paid for in cash.

(E) This section does not prevent a manufacturer from securing and holding any financial interest, directly or indirectly, by stock ownership or through interlocking directors in a corporation, or otherwise, in the establishment, maintenance, or promotion of the business or premises of any C or D permit holder, provided that the following conditions are met:



- (1) Either the manufacturer or one of its parent companies is listed on a national securities exchange.
 - (2) All purchases of alcoholic beverages by the C or D permit holder are made from wholesale distributors in this state or agency stores licensed by the division of liquor control.
 - (3) If the C or D permit holder sells brands of alcoholic beverages that are produced or distributed by the manufacturer that holds the financial interest, the C or D permit holder also sells other competing brands of alcoholic beverages produced by other manufacturers, no preference is given to the products of the manufacturer, and there is no exclusion, in whole or in part, of products sold or offered for sale by other manufacturers, suppliers, or importers of alcoholic beverages that constitutes a substantial impairment of commerce.
 - (4) The primary purpose of the C or D permit premises is a purpose other than to sell alcoholic beverages, and the sale of other goods and services exceeds fifty per cent of the total gross receipts of the C or D permit holder at its premises.
- (F)(1) This section does not prevent a manufacturer from giving financial assistance to the holder of a B permit for the purpose of the holder purchasing an ownership interest in the business, existing inventory and equipment, or property of another B permit holder, including, but not limited to, participation in a limited liability partnership, limited liability company, or any other legal entity authorized to do business in this state.
- (2) This section does not permit a manufacturer to give financial assistance to the holder of a B permit to purchase inventory or equipment used in the daily operation of a B permit holder.
- (G) This section does not prohibit a manufacturer or subsidiary of a manufacturer from continuing to operate a wholesale distribution franchise or distribute beer or wine within a designated territory if prior to the effective date of this amendment the manufacturer either acquired the distribution franchise or territory, or awarded the franchise or territory to itself or a subsidiary.
- (H) This section shall not prevent a manufacturer from securing and holding an A-1c or B-2a permit or permits and operating as a wholesale distributor pursuant to such permits.