

HB0441S02 compared with HB0441

~~{Omitted text}~~ shows text that was in HB0441 but was omitted in HB0441S02

inserted text shows text that was not in HB0441 but was inserted into HB0441S02

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Franchisee Protection Act

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: Michael K. McKell

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LONG TITLE

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General Description:

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This bill establishes protections for franchisees.

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Highlighted Provisions:

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This bill:

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▸ defines terms;

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▸ prohibits a franchisor from requiring a franchisee to open on a ~~{religious holiday or day of worship when doing so}~~ when operating conflicts with the franchisee's sincerely held religious belief;

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▸ provides exceptions under which a franchisor may require a franchisee to open ~~{when doing so may}~~ a franchise despite a conflict with the franchisee's sincerely held religious belief;

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▸ provides a remedy for a franchisee if the franchisor violates the prohibition without an exception; and

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▸ provides a civil penalty for a franchisor that violates the prohibition without an exception.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

HB0441

HB0441 compared with HB0441S02

19 This bill provides a special effective date.

21 ENACTS:

22 **13-75-101** , Utah Code Annotated 1953 , Utah Code Annotated 1953

23 **13-75-201** , Utah Code Annotated 1953 , Utah Code Annotated 1953

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25 *Be it enacted by the Legislature of the state of Utah:*

26 Section 1. Section 1 is enacted to read:

29 **13-75-101. Definitions.**

75. FRANCHISE PROTECTION ACT

1. General Provisions

30 (1)

(a) "Franchise agreement" means a written agreement that:

31 (i) grants a franchisee the right to engage in a business of offering, selling, or distributing goods or services;

33 (ii) grants the franchisee license to use a trademark, service mark, trade name, advertising, or other commercial symbol that the franchisor owns or leases; and

35 (iii) requires the franchisee to pay a franchise fee.

~~{(a)}~~ (b) "Franchise agreement" ~~{means a}~~ includes all written ~~{agreement, an amendment, or renewal of a written agreement, or}~~ documents incorporated in the ~~{absence of any}~~ written agreement ~~{a course of practice, in which a person grants to another person a license to use a trade name, trademark, service mark, or related characteristic}~~ by reference.

34 ~~{(b)}~~ (c) "Franchise agreement" ~~{includes a sales and service agreement other than}~~ does not include a sales and service agreement regulated by ~~{Chapter 14, New Automobile Franchise Act.}~~ :

39 (i) Chapter 14, New Automobile Franchise Act; or

40 (ii) Title 29, Hotels and Hotel Keepers.

36 (2)

(a) "Franchisee" means a person ~~{with}~~ to which a franchisor ~~{has agreed or permitted, in writing or in practice, to purchase, sell, or offer for sale}~~ grants a ~~{product manufactured, produced, represented, or distributed by the franchisor}~~ franchise.

42 (b) "Franchisee" does not include:

39

HB0441 compared with HB0441S02

~~{(b)}~~ (i) "Franchisee" does not include a person that is regulated by Chapter 14, New Automobile Franchise Act~~{-}~~; or

44 (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers.

41 (3)

(a) "Franchisor" means a person that ~~{has agreed with or permits, in writing or in practice,-}~~ grants a ~~{franchise-}~~ franchise to ~~{purchase, sell, or offer for sale a product manufactured, produced, assembled, represented, or distributed by the franchisor}~~ another person.

44 (b) "Franchisor" ~~{includes}~~ does not include:

45 ~~{(i) {the manufacturer, producer, assembler, or distributor of the product;-}}~~

46 ~~{(ii) {an intermediate distributor; and-}}~~

47 ~~{(iii) {an agent, officer, or field or area representative of the franchisor.-}}~~

48 ~~{(e)}~~ (i) "Franchisor" does not include a person that is regulated by Chapter 14, New Automobile Franchise Act~~{-}~~;

50 ~~{(4)}~~ }

48 (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers; or

49 (iii) a person that is granting franchises for the right to operate businesses regulated by Title 29, Hotels and Hotel Keepers.

~~{(a)}~~ (4) "Original franchise agreement" means {a-} the initial franchise agreement that {is not a renewal or an amendment} the franchisee and franchisor sign.

52 ~~{(b) {"Original franchise agreement" includes any written documents incorporated into the agreement by reference.-}}~~

54 (5) "Religious day operation requirement" means any requirement that has the effect of requiring a franchisee to operate a franchise on a day when ~~{doing so-}~~ operating would conflict with the franchisee's sincerely held religious belief.

56 (6) "Violation" means a franchisor's failure to comply with this chapter resulting in a court with jurisdiction imposing a civil penalty under Section 13-75-201 against the franchisor.

59 Section 2. Section 2 is enacted to read:

61 **13-75-201. Franchisee religious {exemption} day operation protection.**

2. Franchisee Protection

60 (1) Except as provided in Subsection (2), when a franchisee asserts a sincerely held religious belief, a franchisor may not:

HB0441 compared with HB0441S02

- 62 (a) ~~{enforce}~~ unilaterally impose a religious day operation requirement;
- 63 (b) require a franchisee to accept a religious day operation requirement as a part of an amendment to the
franchise agreement; or
- 65 (c) refuse to renew a franchise agreement based solely on a franchisee's ~~{decision}~~ failure to ~~{not}~~
comply with a religious day operation requirement.
- 67 (2) Subsection (1) does not apply when:
- 68 (a) the original franchise agreement ~~{conspicuously}~~ provides a religious day operation requirement;
- 70 (b) the franchisee agrees through a renewal or an amendment to the franchise agreement to a religious
day operation requirement; or
- 72 (c) the franchisor and the franchisee enter into a franchise agreement ~~{expanding the franchisee's~~
number of franchise locations} to develop an additional franchise location that contains a religious
day operation requirement.
- 75 (3) The protections provided in Subsection (1) are not transferable.
- 75 ~~{(3)}~~ (4) If a court with jurisdiction finds reasonable cause to believe that a franchisor violated
Subsection (1), the court may order:
- 77 (a) actual damages, reasonable attorney fees, and costs to the franchisee;
- 78 (b) ~~{any}~~ a permanent or temporary injunction, a temporary restraining order, or other appropriate
order; and
- 80 (c) civil penalties against the franchisor in an amount not exceeding:
- 81 (i) \$10,000 for a first violation;
- 82 (ii) \$25,000 for ~~{an additional}~~ a second violation within ~~{the five-year period ending on}~~ three years
after the day on which the franchisee filed the complaintfor the first violation; or
- 84 (iii) \$50,000 for a violation subsequent to ~~{the}~~ a second violation within ~~{the seven-year period~~
ending on} five years after the day on which the franchisee filed the complaintfor the first violation.

87 Section 3. **Effective date.**

Effective Date.

This bill takes effect:

- 88 (1) except as provided in Subsection (2), May 7, 2025; or
- 89 (2) if approved by two-thirds of all members elected to each house:
- 90 (a) upon approval by the governor;

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HB0441 compared with HB0441S02

(b) without the governor's signature, the day following the constitutional time limit of Utah Constitution, Article VII, Section 8; or

93 (c) in the case of a veto, the date of veto override.

3-6-25 6:21 PM