

**Ken Ivory** proposes the following substitute bill:

**Franchisee Protection Act**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ken Ivory**

Senate Sponsor: Michael K. McKell

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**LONG TITLE**

**General Description:**

This bill establishes protections for franchisees.

**Highlighted Provisions:**

This bill:

- defines terms;
- prohibits a franchisor from requiring a franchisee to open on a religious holiday or day of worship when doing so conflicts with the franchisee's sincerely held religious belief;
- provides exceptions under which a franchisor may require a franchisee to open when doing so may conflict with the franchisee's sincerely held religious belief;
- provides a remedy for a franchisee if the franchisor violates the prohibition without an exception; and
- provides a civil penalty for a franchisor that violates the prohibition without an exception.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

ENACTS:

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

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

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

Section 1. Section **13-75-101** is enacted to read:

**CHAPTER 75. FRANCHISE PROTECTION ACT**

**Part 1. General Provisions**

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

- (1)(a) "Franchise agreement" means a written agreement, an amendment, or renewal of a written agreement, or 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 in exchange for the payment of a franchise fee.
- (b) "Franchise agreement" includes a sales and service agreement other than a sales and service agreement regulated by Chapter 14, New Automobile Franchise Act.
- (2)(a) "Franchisee" means a person with which a franchisor has agreed or permitted, in writing or in practice, to purchase, sell, or offer for sale a product manufactured, produced, represented, or distributed by the franchisor in exchange for the payment of a franchise fee from the franchisee to the franchisor.
- (b) "Franchisee" does not include:
- (i) a person that is regulated by Chapter 14, New Automobile Franchise Act; or
  - (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers.
- (3)(a) "Franchisor" means a person that has agreed with or permits, in writing or in practice, a franchisee to purchase, sell, or offer for sale a product manufactured, produced, assembled, represented, or distributed by the franchisor.
- (b) "Franchisor" includes:
- (i) the manufacturer, producer, assembler, or distributor of the product;
  - (ii) an intermediate distributor; and
  - (iii) an agent, officer, or field or area representative of the franchisor.
- (c) "Franchisor" does not include:
- (i) a person that is regulated by Chapter 14, New Automobile Franchise Act;
  - (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers; or
  - (iii) a person that is granting franchises for the right to operate businesses regulated by Title 29, Hotels and Hotel Keepers.
- (4)(a) "Original franchise agreement" means a franchise agreement that is not a renewal or an amendment.
- (b) "Original franchise agreement" includes any written documents incorporated into the agreement by reference.
- (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 would conflict with the franchisee's sincerely held religious belief.

Section 2. Section **13-75-201** is enacted to read:

## Part 2. Franchisee Protection

### **13-75-201 . Franchisee religious exemption.**

- (1) Except as provided in Subsection (2), when a franchisee asserts a sincerely held religious belief, a franchisor may not:
- (a) enforce a religious day operation requirement;
  - (b) require a franchisee to accept a religious day operation requirement as a part of an amendment to the franchise agreement; or
  - (c) refuse to renew a franchise agreement based on a franchisee's decision to not comply with a religious day operation requirement.
- (2) Subsection (1) does not apply when:
- (a) the original franchise agreement conspicuously provides a religious day operation requirement;
  - (b) the franchisee agrees through a renewal or an amendment to the franchise agreement to a religious day operation requirement; or
  - (c) the franchisor and the franchisee enter a franchise agreement expanding the franchisee's number of franchise locations that contains a religious day operation requirement.
- (3) If a court finds reasonable cause to believe that a franchisor violated Subsection (1), the court may order:
- (a) actual damages, reasonable attorney fees, and costs to the franchisee;
  - (b) any permanent or temporary injunction, a temporary restraining order, or other appropriate order; and
  - (c) civil penalties against the franchisor in an amount not exceeding:
    - (i) \$10,000 for a first violation;
    - (ii) \$25,000 for an additional violation within the five-year period ending on the day on which the franchisee filed the complaint; or
    - (iii) \$50,000 for a violation subsequent to the second violation within the seven-year period ending on the day on which the franchisee filed the complaint.

### **Section 3. Effective Date.**

This bill takes effect:

- (1) except as provided in Subsection (2), May 7, 2025; or
- (2) if approved by two-thirds of all members elected to each house:
  - (a) upon approval by the governor;
  - (b) without the governor's signature, the day following the constitutional time limit of

- 97            Utah Constitution, Article VII, Section 8; or  
98            (c) in the case of a veto, the date of veto override.