

Daniel McCay proposes the following substitute bill:

Franchisee Protection Act

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: Michael K. McKell

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 when operating conflicts with the franchisee's sincerely held religious belief;
- provides exceptions under which a franchisor may require a franchisee to open a franchise despite a 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

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

29 **13-75-101 . Definitions.**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
32 distributing goods or services;33 (ii) grants the franchisee license to use a trademark, service mark, trade name,
34 advertising, or other commercial symbol that the franchisor owns or leases; and35 (iii) requires the franchisee to pay a franchise fee.36 (b) "Franchise agreement" includes all written documents incorporated in the written
37 agreement by reference.38 (c) "Franchise agreement" does not include a sales and service agreement regulated by:39 (i) Chapter 14, New Automobile Franchise Act; or40 (ii) Title 29, Hotels and Hotel Keepers.41 (2)(a) "Franchisee" means a person to which a franchisor grants a franchise.42 (b) "Franchisee" does not include:43 (i) a person that is regulated by Chapter 14, New Automobile Franchise Act; or44 (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers.45 (3)(a) "Franchisor" means a person that grants a franchise to another person.46 (b) "Franchisor" does not include:47 (i) a person that is regulated by Chapter 14, New Automobile Franchise Act;48 (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers; or49 (iii) a person that is granting franchises for the right to operate businesses regulated
50 by Title 29, Hotels and Hotel Keepers.51 (4) "Original franchise agreement" means the initial franchise agreement that the franchisee
52 and franchisor sign.53 (5) "Religious day operation requirement" means any requirement that has the effect of
54 requiring a franchisee to operate a franchise on a day when operating would conflict
55 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
57 with jurisdiction imposing a civil penalty under Section 13-75-201 against the
58 franchisor.59 Section 2. Section **13-75-201** is enacted to read:60 **Part 2. Franchisee Protection**61 **13-75-201 . Franchisee religious day operation protection.**62 (1) Except as provided in Subsection (2), when a franchisee asserts a sincerely held

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

87 **Section 3. Effective Date.**

- 88 This bill takes effect:
- 89 (1) except as provided in Subsection (2), May 7, 2025; or
- 90 (2) if approved by two-thirds of all members elected to each house:
- 91 (a) upon approval by the governor;
- 92 (b) without the governor's signature, the day following the constitutional time limit of
- 93 Utah Constitution, Article VII, Section 8; or
- 94 (c) in the case of a veto, the date of veto override.