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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

28 **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; and
- 35 (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; or
- 40 (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; or
- 44 (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; or
- 49 (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 franchisor.

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

59 **Part 2. Franchisee Protection**

60 **13-75-201 . Franchisee religious day operation protection.**

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

86 **Section 3. Effective Date.**

87 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;
91 (b) without the governor's signature, the day following the constitutional time limit of
92 Utah Constitution, Article VII, Section 8; or
93 (c) in the case of a veto, the date of veto override.