HR 470

Fair Franchise Act of 2017

Congress: 115 (2017–2019, Ended)
Chamber: House
Policy Area: Commerce
Introduced: Jan 12, 2017
Current Status: Referred to the Subcommittee on the Constitution and Civil Justice.
Latest Action: Referred to the Subcommittee on the Constitution and Civil Justice. (Feb 6, 2017)
Official Text: https://www.congress.gov/bill/115th-congress/house-bill/470

Sponsor

Name: Rep. Ellison, Keith [D-MN-5]
Party: Democratic • **State:** MN • **Chamber:** House

Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Conyers, John, Jr. [D-MI-13]	D · MI		Jan 12, 2017
Rep. Huffman, Jared [D-CA-2]	D · CA		Jan 12, 2017
Rep. McCollum, Betty [D-MN-4]	D · MN		Jan 12, 2017

Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	House	Referred to	Feb 6, 2017

Subjects & Policy Tags

Policy Area:

Commerce

Related Bills

No related bills are listed.

Summary (as of Jan 12, 2017)

Fair Franchise Act of 2017

This bill prohibits any franchise seller, in connection with any disclosure document, notice, or report required by any federal, state, or local law, from making an untrue statement of material fact or failing to state a material fact or any other fact that would render any required statement or disclosure either untrue or misleading.

A franchise seller is also prohibited from failing to furnish any prospective franchisee with:

- all information required to be disclosed by law;
- a written statement on whether the franchise agreement involved contains a right to renew it; and
- certain historical financial performance data in the disclosure document.

Nor may a franchise seller make any oral or written claim or representation to a prospective franchisee that is inconsistent with, or that contradicts, the disclosure document.

A franchisor or subfranchisor, in connection with the performance, enforcement, renewal, or termination of any franchise agreement, must not:

- engage in any act or pattern of conduct that operates as a fraud upon any person;
- hinder, prohibit, or penalize the free association of franchisees for any lawful purpose;
- discriminate against a franchisee by imposing requirements not imposed on other similarly situated franchisees or otherwise retaliate against any franchisee for membership or participation in a franchisee association;
- charge excessive and unreasonable renewal fees;
- enforce a provision in a franchise agreement requiring the parties to submit to arbitration unless certain conditions are met;
- terminate, cancel, or fail to renew a franchise for failure or refusal of the franchisee because it failed or refused to perform specified activities;
- restrict a franchisee from associating with other franchisees or from joining, leading, or otherwise participating in a trade or other association;
- require or prohibit any change in management of any franchise except for good cause; or
- impose on a franchisee a standard of conduct or performance unless the franchisor sustains the burden of proving the standard to be reasonable, necessary, and uniformly enforced.

This bill specifies requirements concerning minimum standards of conduct (good faith and due care) for each party to a franchise agreement. The bill also prohibits:

- requiring inclusion in a franchise agreement of a term or condition which violates this bill or relieves a person from a duty or liability under it, or
- any waiver of compliance with this bill.

A franchisee may assign a franchise interest to a transferee, provided the transferee satisfies reasonable qualifications applied by the franchisor in the offer and sale of franchises.

The bill also:

- requires specified renewal, termination, and transfer protection for franchisees;

specifies requirements concerning legal actions brought by franchisees injured or damaged by violations of this bill; and
- authorizes legal actions by state attorneys general on behalf of state residents for alleged violation of it.

Actions Timeline

- **Feb 6, 2017:** Referred to the Subcommittee on the Constitution and Civil Justice.
- **Jan 12, 2017:** Introduced in House
- **Jan 12, 2017:** Referred to the House Committee on the Judiciary.

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