

Subject Franchise Agreements

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### Overview

This bill prohibits restrictive franchise agreements and requires amendments to existing franchise agreements.

## Summary

| Section | Description |
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| 1 | <p><b>Compliance orders.</b></p> <p>Adds section 181.991 to the laws that the commissioner of labor and industry can enforce by issuing compliance orders.</p>  |
| 2 | <p><b>Restrictive franchise agreements prohibited.</b></p> <p>Adds new section 181.991, prohibiting restrictive franchise agreements.</p> <p><b>Subd. 1. Definitions.</b> Provides the definitions used in the bill.</p> <p><b>Subd. 2. Prohibition on restrictive franchise agreements.</b> Prohibits restrictive franchise agreements. A franchisor cannot restrict, restrain, or prohibit a franchisee from soliciting or hiring employees of the same franchisor or the general franchisor.</p> <p><b>Subd. 3. Franchise agreement amendment.</b> Requires existing franchise agreements to be amended within one year to remove restrictive employment provisions.</p> <p><b>Subd. 4. Attorney general enforcement.</b> Adds attorney general enforcement of section 181.991.</p> <p><b>Subd. 5. Civil action; penalties.</b> Creates a civil cause of action for damages and injunctive relief for an aggrieved employee. An employee may be awarded actual damages plus injunctive relief, or a \$5,000 penalty, whichever is greater. If no civil action is brought in district court, the commissioner of labor and industry</p> |

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must impose a \$5,000 per employee penalty on the employer to be paid to the aggrieved employee.

**Subd. 6. Severability.** Provides that if any part of the section is found to be unconstitutional or void, the other provisions remain in effect.

**Effective date.** Effective the day following final enactment and applies to franchise agreements entered into or amended after that date.



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