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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **1670**

03/10/2015 Authored by Howe

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to commerce; regulating franchises; amending Minnesota Statutes 2014,
1.3 sections 80C.06, subdivision 5; 80C.14, subdivision 2, by adding subdivisions.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2014, section 80C.06, subdivision 5, is amended to read:

1.6 Subd. 5. **Copy to franchisee; receipt.** Any person offering for sale or selling any
1.7 franchise which is subject to the registration requirements imposed by section 80C.02
1.8 shall, at the person's own expense, present to the prospective franchisee, at least ~~seven~~
1.9 90 days prior to the execution by the prospective franchisee of any franchise or other
1.10 agreement, or at least ~~seven~~ 90 days prior to the payment of any consideration by the
1.11 franchisee, whichever occurs first, a copy of the current public offering statement together
1.12 with a copy of all proposed agreements relating to the sale of the franchise. The franchisee
1.13 shall be permitted to retain the public offering statement prior and subsequent to the
1.14 execution of any franchise or other agreement. The person offering or selling the franchise
1.15 shall obtain a receipt, signed by the prospective franchisee, acknowledging receipt of a
1.16 copy of the public offering statement prior to executing any franchise or other agreement
1.17 and prior to paying any consideration. The receipt shall be kept in the possession of the
1.18 person offering or selling the franchise, subject to inspection by the commissioner, for
1.19 a period of three years from the date the receipt is taken.

1.20 Sec. 2. Minnesota Statutes 2014, section 80C.14, subdivision 2, is amended to read:

1.21 Subd. 2. **Acts constituting.** All franchise contracts or agreements, other than those
1.22 classifications of franchises specifically recognized by the commissioner under subdivision
1.23 1, and any other device or practice of a franchisor must conform to subdivisions 3, 3a,

2.1 and 4. It is an unfair and inequitable practice for a person to commit an act specified
2.2 in subdivisions 3 to ~~5~~ 7.

2.3 Sec. 3. Minnesota Statutes 2014, section 80C.14, is amended by adding a subdivision
2.4 to read:

2.5 Subd. 3a. **Exception.** Notwithstanding subdivision 3, a franchisee may terminate
2.6 or cancel a franchise, without penalty or cost, within 30 days of the execution of the
2.7 franchise agreement.

2.8 Sec. 4. Minnesota Statutes 2014, section 80C.14, is amended by adding a subdivision
2.9 to read:

2.10 Subd. 6. **Selection of suppliers.** It is unfair and inequitable for a franchisor to select
2.11 the supplier of goods or services on behalf of the franchisee, unless the goods or services
2.12 have the brand of the franchisor or are reasonably related to the brand of the franchisor.

2.13 Sec. 5. Minnesota Statutes 2014, section 80C.14, is amended by adding a subdivision
2.14 to read:

2.15 Subd. 7. **Attorney fees.** It is unfair and inequitable for a franchisor to require a
2.16 franchisee to pay the franchisor's attorney fees.

2.17 Sec. 6. **EFFECTIVE DATE; APPLICATION.**

2.18 Sections 1 to 5 apply to franchise agreements executed or renewed on or after
2.19 August 1, 2015.