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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 2352

03/13/2017 Authored by Jessup
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 franchise agreement terms; amending Minnesota
1.3 Statutes 2016, section 80C.14, subdivision 2, by adding a subdivision.

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

1.5 Section 1. Minnesota Statutes 2016, section 80C.14, subdivision 2, is amended to read:

1.6 Subd. 2. **Acts constituting.** All franchise contracts or agreements, other than those
1.7 classifications of franchises specifically recognized by the commissioner under subdivision
1.8 1, and any other device or practice of a franchisor must conform to subdivisions 3 ~~and~~ 4,
1.9 and 4a. It is an unfair and inequitable practice for a person to commit an act specified in
1.10 subdivisions 3 to 5.

1.11 Sec. 2. Minnesota Statutes 2016, section 80C.14, is amended by adding a subdivision to
1.12 read:

1.13 Subd. 4a. **Franchise agreement terms.** (a) The following must be included in every
1.14 franchise agreement or contract:

1.15 (1) all terms related to payments or fees, including franchise fees, that the franchisee or
1.16 subfranchisor is required to pay to the franchisor, including royalties and payments or fees
1.17 which the franchisor collects in whole or in part on behalf of a third party; and

1.18 (2) all formulas and calculations used to determine the terms described in clause (1).

1.19 (b) No franchise agreement or contract may include a provision that allows the franchisor
1.20 to unilaterally change the terms of the franchise agreement or contract, unless the franchisor
1.21 is required to do so by state or federal law.

2.1 Sec. 3. **EFFECTIVE DATE.**

2.2 Sections 1 and 2 are effective June 1, 2017, and apply to franchise agreements and
2.3 contracts offered, amended, or executed on or after that date.