181.991 RESTRICTIVE FRANCHISE AGREEMENTS PROHIBITED.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Employee" means an individual employed by an employer and includes independent contractors.

(c) "Employer" has the meaning given in section 177.23, subdivision 6.

(d) "Franchise," "franchisee," and "franchisor" have the meanings given in section 80C.01, subdivisions 4 to 6.

Subd. 2. **Prohibition on restrictive franchise agreements.** (a) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of a franchisee of the same franchisor.

(b) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of the franchisor.

(c) Any provision of an existing contract that violates paragraph (a) or (b) is void and unenforceable. When a provision in an existing contract violates this section, the franchisee must provide notice to their employees of this law.

Subd. 3. **Franchise agreement amendment.** Notwithstanding any law to the contrary, no later than May 24, 2024, franchisors shall:

(1) amend existing franchise agreements to remove any restrictive employment provision that violates subdivision 2; or

(2) sign a memorandum of understanding with each franchisee that provides that any contract provisions that violate subdivision 2 in any way are void and unenforceable, and provides notice to the franchisee of their rights and obligations under this section.

History: *2023 c 53 art 11 s 38*