

1 H.890

2 Introduced by Representatives Mattos of Milton, Beck of St. Johnsbury, Elder  
3 of Starksboro, Goslant of Northfield, Gregoire of Fairfield,  
4 Hooper of Randolph, Morgan of Milton, Palasik of Milton,  
5 Smith of Derby, and Toof of St. Albans Town

6 Referred to Committee on

7 Date:

8 Subject: Commerce and trade; consumer protection; franchise agreements

9 Statement of purpose of bill as introduced: This bill proposes to regulate  
10 franchise agreements in this State.

11 An act relating to regulating franchise agreements

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 Sec. 1. 9 V.S.A. chapter 106 is added to read:

14 CHAPTER 106. FRANCHISE AGREEMENTS

15 § 4051. FREEDOM OF ASSOCIATION

16 A franchisee may freely associate with other franchisees or associations  
17 without interference or retaliation.

18 § 4052. TERMINATION

19 (a) Except as otherwise provided in this chapter, no franchisor may  
20 terminate a franchise prior to the expiration of its term, except for good cause.

1       (b) Except as provided in subsection (c) of this section, good cause shall be  
2       limited to the failure of the franchisee to substantially comply with the lawful  
3       requirements imposed upon the franchisee by the franchise agreement after  
4       being given notice at least 60 days in advance of the termination and a  
5       reasonable opportunity, which in no event shall be less than 60 days from the  
6       date of the notice of noncompliance, to cure the failure. The period to exercise  
7       the right to cure shall not exceed 120 days unless there is a separate agreement  
8       between the franchisor and franchisee to extend the time.

9       (c) If during the period in which the franchise is in effect, there occurs any  
10       of the following events that are relevant to the franchise, immediate notice of  
11       termination without an opportunity to cure, shall be deemed reasonable:

12       (1) the franchisee or the business to which the franchise relates has been  
13       the subject of an order for relief in bankruptcy, judicially determined to be  
14       insolvent, all or a substantial part of the assets thereof are assigned to or for the  
15       benefit of any creditor, or the franchisee admits his or her inability to pay his  
16       or her debts as they come due;

17       (2) the franchisee abandons the franchise by failing to operate the  
18       business for five consecutive days during which the franchisee is required to  
19       operate the business under the terms of the franchise, or any shorter period  
20       after which it is not unreasonable under the facts and circumstances for the  
21       franchisor to conclude that the franchisee does not intend to continue to

1 operate the franchise, unless such failure to operate is due to fire, flood,  
2 earthquake, or other similar causes beyond the franchisee's control;

3 (3) the franchisor and franchisee agree in writing to terminate the  
4 franchise;

5 (4) the franchisee makes any material misrepresentations relating to the  
6 acquisition of the franchise business or the franchisee engages in conduct that  
7 reflects materially and unfavorably upon the operation and reputation of the  
8 franchise business or system;

9 (5) the franchisee fails, for a period of 10 days after notification of  
10 noncompliance, to comply with any federal, State, or local law or regulation,  
11 including, but not limited to, all health, safety, building, and labor laws or  
12 regulations applicable to the operation of the franchise;

13 (6) the franchisee, after curing any failure pursuant to this section  
14 engages in the same noncompliance whether or not such noncompliance is  
15 corrected after notice in excess of three times in a calendar year;

16 (7) the franchisee repeatedly fails to substantially comply with the  
17 lawful requirements of the franchise agreement, whether or not corrected after  
18 notice;

19 (8) the franchised business or business premises of the franchise are  
20 seized, taken over, or foreclosed by a government official in the exercise of his  
21 or her duties or seized, taken over, or foreclosed by a creditor, lienholder, or

1 lessor, provided that a final judgment against the franchisee remains  
2 unsatisfied for 30 days, unless a supersedeas or other appeal bond has been  
3 filed or a levy of execution has been made upon the license granted by the  
4 franchise agreement or upon any property used in the franchised business and  
5 it is not discharged within five days of such levy;

6 (9) the franchisee is convicted of a felony or any other criminal  
7 misconduct that is relevant to the operation of the franchise;

8 (10) the franchisee fails to pay any franchise fees or other amounts due  
9 to the franchisor or its affiliate within five days after receiving written notice  
10 that such fees are overdue; or

11 (11) the franchisor is able to meet the burden of proof that the continued  
12 operation of the franchise by the franchisee will result in an imminent danger  
13 to public health or safety.

14 § 4053. MONETIZE EQUITY

15 (a) Except as provided in this section, upon a lawful termination or  
16 nonrenewal of a franchisee, the franchisor shall purchase from the franchisee,  
17 at the then current market value, all inventory, supplies, equipment, fixtures,  
18 furnishings, and improvements purchased or paid for under the terms of the  
19 franchise agreement or any ancillary or collateral agreement by the franchisee  
20 to the franchisor or its approved suppliers and sources, that are, at the time of  
21 the notice of termination or nonrenewal, in the possession of the franchisee or

1 used by the franchisee in the franchise business. The franchisor shall have the  
2 right to receive clear title to and possession of all items purchased from the  
3 franchisee under this section.

4 (b) This section shall not require the franchisor to purchase any  
5 personalized items, inventory, supplies, equipment, fixtures, or furnishings not  
6 reasonably required to conduct the operation of the franchise business in  
7 accordance with the franchise agreement or any ancillary or collateral  
8 agreement or to which the franchisee, at the cessation of operation of the  
9 franchise business by the franchisee, cannot lawfully, or does not, grant the  
10 franchisor clear title and possession upon the franchisor's payment to the  
11 franchisee for the inventory, supplies, equipment, fixtures, or furnishings.

12 (c) This section shall not apply when the franchisee declines a bona fide  
13 offer of renewal from the franchisor. It shall not be considered a bona fide  
14 offer of renewal if the new franchise agreement is substantially different than  
15 the original contract, including, but not limited to, royalties and fees paid, split  
16 of revenue share, or term of contract.

17 (d) This section shall not apply if the franchisor does not prevent the  
18 franchisee from retaining control of the principal place of the franchise  
19 business.

20 (e) This section shall not apply to any termination or nonrenewal of a  
21 franchise due to a publicly announced and nondiscriminatory decision by the

1 franchisor to completely withdraw from all franchise activity within the  
2 relevant geographic market area in which the franchise is located.

3 (f) This section shall not apply if the franchisor and franchisee mutually  
4 agree in writing to terminate or not renew the franchise.

5 (g) This section shall not apply to any inventory, supplies, equipment,  
6 fixtures, or furnishings that are sold by the franchisee between the date of the  
7 notice of termination or nonrenewal, and the cessation of operation of the  
8 franchise business, by the franchisee, pursuant to the termination or  
9 nonrenewal.

10 (h) Upon the termination or nonrenewal of a franchise, a franchisor may  
11 offset against the amounts owed to a franchisee under this section any amounts  
12 owed by the franchisee to the franchisor, if the franchisee agrees to the amount  
13 owed, or the franchisor has received a final adjudication of any amounts owed.

14 § 4054. NONRENEWAL

15 (a) No franchisor may fail to renew a franchise unless such franchisor  
16 provides the franchisee at least 180 days prior written notice of its intention not  
17 to renew; and

18 (1)(A) during the 180 days prior to expiration of the franchise the  
19 franchisor permits the franchisee to sell his or her business to a purchaser  
20 meeting the franchisor's then current requirements for granting new franchises.

1 or if the franchisor is not granting a significant number of new franchises, the  
2 then current requirements for granting renewal franchises; or

3 (B) the refusal to renew is not for the purpose of converting the  
4 franchisee's business premises to operation by employees or agents of the  
5 franchisor for such franchisor's own account, provided, that nothing in this  
6 subdivision (1) shall prohibit a franchisor from exercising a right of first  
7 refusal to purchase the franchisee's business; and

8 (2)(A) upon expiration of the franchise, the franchisor agrees not to seek  
9 to enforce any covenant of the nonrenewed franchisee not to compete with the  
10 franchisor or franchisees of the franchisor;

11 (B) termination would be permitted pursuant to section 4052 of this  
12 title;

13 (C) the franchisee and the franchisor agree not to renew the  
14 franchise; or

15 (D) the franchisor withdraws from distributing its products or  
16 services through franchises in the geographic market served by the franchisee,  
17 provided that:

18 (i) upon expiration of the franchise, the franchisor agrees not to  
19 seek to enforce any covenant of the nonrenewed franchisee not to compete  
20 with the franchisor or franchisees of the franchisor;

1                   (ii) the failure to renew is not for the purpose of converting the  
2                   business conducted by the franchisee pursuant to the franchise agreement to  
3                   operation by employees or agents of the franchisor for such franchisor's own  
4                   account; and

5                   (iii) where the franchisor determines to sell, transfer, or assign its  
6                   interest in a marketing premises occupied by a franchisee whose franchise  
7                   agreement is not renewed pursuant to this section:

8                   (I) the franchisor, during the 180-day period after giving notice,  
9                   offers such franchisee a right of first refusal of at least 30 days' duration of a  
10                  bona fide offer, made by another to purchase such franchisor's interest in such  
11                  premises;

12                  (II) in the case of the sale, transfer, or assignment to another  
13                  person of the franchisor's interest in one or more other controlled marketing  
14                  premises, such other person in good faith offers the franchisee a franchise on  
15                  substantially the same terms and conditions currently being offered by such  
16                  other person to other franchisees; or

17                  (III)(aa) the franchisor and the franchisee fail to agree to  
18                  changes or additions to the terms and conditions of the franchise agreement, if  
19                  such changes or additions would result in renewal of the franchise agreement  
20                  on substantially the same terms and conditions on which the franchisor is then  
21                  customarily granting renewal franchises, or if the franchisor is not then



1 granting a significant number of renewal franchises, the terms and conditions  
2 on which the franchisor is then customarily granting original franchises.

3 (bb) For purposes of subdivision (a)(2)(D)(iii)(III)(aa) of  
4 this section, the franchisor may give the franchisee written notice of a date  
5 which is at least 30 days from the date of such notice, on or before which a  
6 proposed written agreement of the terms and conditions of the renewal  
7 franchise shall be accepted in writing by the franchisee. Such notice, when  
8 given not less than 180 days before the end of the franchise term, may state  
9 that in the event of failure of such acceptance by the franchisee, the notice shall  
10 be deemed a notice of intention not to renew at the end of the franchise term.

11 (b) Nothing in subsection (a) of this section shall prohibit a franchisor from  
12 offering or agreeing before expiration of the current franchise term to extend  
13 the term of the franchise for a limited period in order to satisfy the time of  
14 notice of nonrenewal requirement of that section.

15 § 4055. TERMINATION BY FRANCHISEE

16 A franchisee may terminate a franchise agreement without penalty or fees,  
17 in the event of changes to the franchise system or the competitive  
18 circumstances of the franchise business, which would cause substantial  
19 negative impact or substantial financial hardship to the franchisee in the  
20 operation of its franchise.

1     § 4056. TRANSFERS

2           (a) No franchisor shall deny the surviving spouse, heirs, or estate of a  
3           deceased franchisee or the majority shareholder of the franchisee the  
4           opportunity to participate in the ownership of the franchise under a valid  
5           franchise agreement for not less than 12 months after the death of the  
6           franchisee or majority shareholder of the franchisee. During that time, the  
7           surviving spouse, heirs, or estate of the deceased shall either satisfy all of the  
8           then current qualifications for a purchaser of a franchise or sell, transfer, or  
9           assign the franchise to a person who satisfies the franchisor's then current  
10          standards for new franchisees. The rights granted pursuant to this section shall  
11          be granted subject to the surviving spouse, heirs, or estate of the deceased  
12          maintaining all standards and obligations of the franchise.

13          (b) Nothing in section 4055 of this title shall prohibit a franchisor from  
14          exercising the right of first refusal to purchase a franchise after receipt of a  
15          bona fide offer to purchase the franchise by a proposed purchaser of the  
16          franchise.

17          (c) It is unlawful for a franchisor to prevent a franchisee from selling or  
18          transferring a franchise, all or substantially all of the assets of the franchise  
19          business, or a controlling or noncontrolling interest in the franchise business to  
20          another person provided that the person is qualified under the franchisor's then  
21          existing standards for the approval of new or renewing franchisees, these

1 standards to be made available to the franchisee, as provided in subsection (g)  
2 of this section, and to be consistently applied to similarly situated franchisees  
3 operating within the franchise brand, and the franchisee and the buyer,  
4 transferee, or assignee comply with the transfer conditions specified in the  
5 franchise agreement.

6 (d) Notwithstanding subsection (c) of this section, a franchisee shall not  
7 have the right to sell, transfer, or assign the franchise, all or substantially all of  
8 the assets of the franchise business, or a controlling or noncontrolling interest  
9 in the franchise business, without the written consent of the franchisor, except  
10 that the consent shall not be withheld unless the buyer, transferee, or assignee  
11 does not meet the standards for new or renewing franchisees described in  
12 subsection (c) of this section or the franchisee and the buyer, transferee, or  
13 assignee do not comply with the transfer conditions specified in the franchise  
14 agreement.

15 (e) This section does not prohibit a franchisor from exercising the  
16 contractual right of first refusal to purchase a franchise, all or substantially all  
17 of the assets of a franchise business, or a controlling or noncontrolling interest  
18 in a franchise business after receipt of a bona fide offer from a proposed  
19 purchaser to purchase the franchise, assets, or interest. A franchisor exercising  
20 the contractual right of first refusal shall offer the seller payment at least equal  
21 to the value offered in the bona fide offer.

1       (f) For the purpose of this section “franchise business” shall include a legal  
2       entity that is a party to a franchise agreement.

3       (g) The franchisee shall, prior to the sale, assignment, or transfer of a  
4       franchise, all or substantially all of the assets of a franchise business, or a  
5       controlling or noncontrolling interest in the franchise business to another  
6       person, notify the franchisor of the franchisee’s intent to sell, transfer, or assign  
7       the franchise, all or substantially all of the assets of the franchise business, or  
8       the controlling or noncontrolling interest in the franchise business. The notice  
9       shall be in writing and delivered to the franchisor by business courier or by  
10       receipted mail and include all of the following:

11           (1) The proposed transferee’s name and address.

12           (2) A copy of all agreements related to the sale, assignment, or transfer  
13       of the franchise, the assets of the franchise business, or the interest in the  
14       franchise business.

15           (3) The proposed transferee’s application for approval to become the  
16       successor franchisee. The application shall include all forms, financial  
17       disclosures, and related information generally utilized by the franchisor in  
18       reviewing prospective new franchisees, if those forms are readily made  
19       available to the existing franchisee. If the forms are not readily available, the  
20       franchisee shall request and the franchisor shall deliver the forms to the  
21       franchisee within 15 calendar days. As soon as practicable after the receipt of

1 the proposed transferee's application, the franchisor shall notify, in writing, the  
2 franchisee and the proposed transferee of any additional information or  
3 documentation necessary to complete the transfer application. If the  
4 franchisor's then existing standards for the approval of new or renewing  
5 franchisees are not readily available to the franchisee when the franchisee  
6 notifies the franchisor of the franchisee's intent to sell, transfer, or assign the  
7 franchise, the assets of the franchise business, or the controlling or  
8 noncontrolling interest in the franchise business, the franchisor shall  
9 communicate the standards to the franchisee within 15 calendar days.

10 (h) The franchisor shall, within 60 days after the receipt of all of the  
11 necessary information and documentation required pursuant to subsection (g)  
12 of this section, or as specified by written agreement between the franchisor and  
13 the franchisee, notify the franchisee of the approval or disapproval of the  
14 proposed sale, assignment, or transfer. A proposed sale, assignment, or  
15 transfer shall be deemed approved unless disapproved by the franchisor in the  
16 manner provided by this subdivision. If the proposed sale, assignment, or  
17 transfer is disapproved, the franchisor shall include in the notice of disapproval  
18 a statement setting forth the reasons for the disapproval.

19 (i) In any action in which the franchisor's disapproval of a sale,  
20 assignment, or transfer pursuant to this subdivision is an issue, the  
21 reasonableness of the franchisor's decision shall be a question of fact requiring

1 consideration of all existing circumstances. For purposes of this subsection,  
2 the finder of fact may be an arbitrator specified in the franchise agreement or  
3 an arbitrator or arbitrators employed in such arbitration are chosen from a list  
4 of impartial arbitrators supplied by the American Arbitration Association or  
5 other impartial person. Nothing in this subsection shall prohibit summary  
6 judgment when the reasonableness of transfer approval or disapproval can be  
7 decided as a matter of law.

8 (j) This section does not require a franchisor to exercise a contractual right  
9 of first refusal.

10 (k) This section does not prohibit a franchisor from exercising the  
11 contractual right of first refusal to purchase a franchise, all or substantially all  
12 of the assets of a franchise business, or a controlling or noncontrolling interest  
13 in a franchise business after receipt of a bona fide offer from a proposed  
14 purchaser to purchase the franchise, assets, or interest. Any franchisor  
15 exercising the contractual right of first refusal shall offer the seller payment at  
16 least equal to the value offered in the bona fide offer.

17 § 4057. GOOD FAITH

18 The following rights and prohibitions govern the relations between a  
19 franchisor or subfranchisor and its franchisee:

20 (1) The parties shall deal with each other in good faith and in a  
21 commercially reasonable manner.

1           (2) A person, during the selling or establishing of a franchise, shall not  
2           misrepresent or fail to disclose any of the following:

3                   (A) the prospects or chances for success of the proposed or existing  
4           franchise;

5                   (B) the known total investment for such franchise; and

6                   (C) any effort to sell or establish more franchises than is reasonable  
7           to expect the market or market area for the particular franchise to sustain.

8           (3) It is prohibited and deemed an unfair and deceptive act or practice,  
9           or an unfair method of competition, and a violation of this section for a  
10           franchisor or subfranchisor, or an officer, agent, employee, or other  
11           representative thereof, to directly or indirectly do any of the following:

12                   (A) terminate or fail to renew a franchise agreement in violation of  
13           this act;

14                   (B) allow a franchise agreement to expire without complying with  
15           this act;

16                   (C) fail to repurchase inventory, supplies, goods, fixtures, and  
17           equipment as required by this chapter;

18                   (D) violate section 5(a) of the Federal Trade Commission Act in  
19           connection with its business as a franchisor, or an officer, agent, or other  
20           representative thereof;

1           (E) resort to false or misleading advertising in connection with its  
2           business as a franchisor, or an officer, agent, or other representative thereof;

3           (F) without prior written disclosure to a franchisee, obtain vendor  
4           rebates, kickbacks, or similar payments from another person with whom the  
5           franchisee does business or employs on account of or relation to the  
6           transactions between the franchisee, the franchisor, and the other person;

7           (G) require a franchisee to assent to a release, assignment, novation,  
8           waiver, or estoppel that would relieve any person for liability imposed under  
9           this act including, but not limited to, through the use of a disclaimer or  
10          checklist designed to avoid protection under this act; and

11          (H) require a franchisee to make any capital expenditure greater than  
12          \$5,000.00 without providing a validated business case to the franchisee  
13          showing such expenditure has a positive return on investment for the  
14          franchisee.

15          § 4058. SOURCING OF GOODS AND SERVICES

16          It is prohibited and deemed an unfair and deceptive act or practice, or an  
17          unfair method of competition, and a violation of this section for a franchisor or  
18          subfranchisor, or an officer, agent, employee, or other representative thereof to  
19          directly or indirectly do any of the following:

20                 (1) Require a franchisee to purchase or lease goods or services of the  
21                 franchisor or from approved sources of supply unless and to the extent that the



1 franchisor satisfies the burden of proving that such restrictive purchasing  
2 agreements are reasonably necessary for a lawful purpose justified on business  
3 grounds, and do not substantially affect competition, provided that this  
4 subdivision (1) does not apply to the initial inventory of the franchise. In  
5 determining whether a requirement to purchase or lease goods or services  
6 constitutes an unfair or deceptive act or practice or an unfair method of  
7 competition the courts shall be guided by the decisions of the courts of the  
8 United States interpreting and applying the anti-trust laws of the United States.

9 (2) Discriminate between franchisees in the charges offered or made for  
10 goods, services, equipment, rentals, advertising services, or in any other  
11 business dealing, unless and to the extent that the franchisor satisfies the  
12 burden of proving that any classification of or discrimination between  
13 franchisees is:

14 (A) reasonable;

15 (B) based on franchises granted at materially different times and such  
16 discrimination is reasonably related to such difference in time, or is based on  
17 other proper and justifiable distinctions considering the purposes of this  
18 chapter, and

19 (C) is not arbitrary, provided that nothing in this subdivision (2)  
20 precludes negotiation of the terms and conditions of a franchise at the initiative  
21 of the franchisees.

1           (3) Sell, rent, or offer to sell to a franchisee any product or service for  
2           more than a fair and reasonable price.

3           (4) Obtain money, goods, services, anything of value, or any other  
4           benefit from any other person with whom the franchisee does business on  
5           account of such business unless such benefit is disclosed to the franchisee.

6           (5) Restrict a franchisee from sourcing environmentally conscious  
7           products that meet required specifications or products that use environmentally  
8           conscious packaging. Franchisor shall not impose a fee upon franchisee for  
9           approval of such products.

10           (6) Fail to make readily available to franchisees, without charge, true,  
11           accurate and complete copies of all records of marketing, rewards programs,  
12           advertising funds and fees that have been paid by franchisees, vendors,  
13           suppliers and licensees.

14           § 4059. AGREEMENT PROVISIONS

15           (a) Pricing. A franchisor or subfranchisor shall not require a franchisee to  
16           sell any product or service for a price at a loss or otherwise not reasonably  
17           acceptable to the franchisee.

18           (b) Liquidated damages. Liquidated damages clauses shall not be  
19           enforceable in case of franchisor termination.

1       (c) No cross default. A default under one franchise agreement shall not in  
2       and of itself constitute a default under another franchise agreement to which  
3       the franchisee or an affiliate of the franchisee is a party.

4       (d) Control. No franchisor shall maintain direct or indirect control of the  
5       franchisee's employees or of the day to day operation of the franchise.

6       (e) Hours of Operation. No renewal of a franchise agreement or change in  
7       the operations manual or like policy shall impose a change in the hours of  
8       operation in which the franchisee deems unprofitable, unsafe to operate, or  
9       interfere with a religious holiday.

10       (f) Notices. All notices of termination or nonrenewal required by this  
11       chapter:

12               (1) shall be in writing;

13               (2) shall be posted by registered, certified, or other receipted mail;  
14       delivered by telegram; or personally delivered to the franchisee; and

15               (3) shall contain a statement of intent to terminate or not renew the  
16       franchise:

17                       (A) together with the reasons therefor; and

18                       (B) the effective date of such termination or nonrenewal or  
19       expiration.

20       § 4060. REMEDIES; DISPUTE RESOLUTION

21       (a) Remedies.

1           (1) In the event a franchisor terminates or fails to renew a franchisee, in  
2           violation of this chapter, the franchisee shall be entitled to receive from the  
3           franchisor the fair market value of the franchised business and franchise assets  
4           and any other damages caused by the violation of this chapter.

5           (2) A court may grant preliminary and permanent injunctions for a  
6           violation or threatened violation of this chapter.

7           (3) The franchisor may offset against any remedies a prior recovery by  
8           the franchisee and any sums owed the franchisor or its subsidiaries by the  
9           franchisee pursuant to the franchise or any ancillary agreement.

10           (4) Except as expressly provided herein, nothing in this section shall  
11           abrogate the right of a franchisee to sue under any other law.

12           (b) Arbitration. Pre-dispute, mandatory arbitration clauses are forbidden in  
13           a franchise agreement.

14           (c) Negotiated Franchise Agreement. Any franchise agreement that differs  
15           from the disclosed franchise agreement shall, in totality, have negotiated terms  
16           that are to the benefit of the franchisee.

17           (d) Venue of Disputes. A provision in a franchise agreement restricting  
18           venue to a forum outside this State is void with respect to any claim arising  
19           under or relating to a franchise agreement involving a franchise business  
20           operating within this State.

1       (e) Limitations of Claims. No franchise agreement shall place a limitation  
2       on claims that is in conflict with existing State law.

3       § 4061. ENFORCEMENT

4       (a) If any franchisor violates any provision of this chapter, a franchisee may  
5       bring an action against such franchisor in any court of competent jurisdiction  
6       of this State for damages sustained by the franchisee as a consequence of the  
7       franchisor's violation, together with the actual costs of the action, including  
8       reasonable actual attorneys' fees, and the franchisee also may be granted  
9       injunctive relief against unlawful termination, cancellation, nonrenewal or any  
10       act or practice prohibited by this chapter. If the court or other tribunal finds for  
11       the franchisee, recovery shall be in the amount of actual damages; or up to  
12       three, but not less than two, times such amount if the court finds that the on fair  
13       method of competition or the act or practice in violation of this chapter was a  
14       willful or knowing violation.

15       (b) Notwithstanding any term or provision of a franchise agreement to the  
16       contrary:

17               (1) the laws of this State shall govern the interpretation of the franchise  
18       agreement of a franchise located in the State and the performance of the parties  
19       thereunder, and

20               (2) the courts of this State and the federal courts with jurisdiction over  
21       cases filed in the State shall have exclusive jurisdiction with respect to any

1 action brought under this chapter or any action brought by a franchisor  
2 concerning a franchise located in this State.

3 (c) Upon the written request of a franchisor or a franchisee, the attorney  
4 general may enforce compliance with this chapter.

5 (d) The remedies reflected in this section are not exclusive but are in  
6 addition to all other existing common law and statutory remedies that may be  
7 available to a franchisee.

8 § 4062. SEVERABILITY

9 If any provision or clause of this chapter or any application of this chapter  
10 to any person or circumstances is held invalid, such invalidity shall not affect  
11 other provisions or applications of the chapter that can be given effect without  
12 the invalid provision or application, and to this end the provisions of this  
13 chapter are declared to be severable.

14 Sec. 2. EFFECTIVE DATE

15 This act shall take effect on July 1, 2020.