

**REVENUE:**

**FISCAL:**

**SUBSEQUENT REFERRAL TO:**

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**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** James LaBar, Administrator

**Meeting Dates:** 2/4, 4/15

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**WHAT THE MEASURE DOES:** Clarifies that franchisee or subfranchisor is not a franchisor employee if franchise relationship is set under federal or state law, franchisee is legitimate business entity and franchisee has all necessary federal, state & local licenses to operate as a franchise business. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

*(-3 amendment)* Creates requirement for franchisee or subfranchisor to submit franchise agreement to Department of Consumer and Business Services. Adds criteria for franchisee or subfranchisor that must be met so they cannot be deemed an employee of the franchisor, including that the franchisor in the past 10 years has not violated federal franchise law, which fall under the enforcement jurisdiction of the Federal Trade Commission (FTC) and their enforcement powers under Section 5 of the FTC Act, or has not violated Oregon's Unfair Trade Practices Act. Clarifies that sole proprietor does not need to reside in Oregon, but needs to be in the franchise business. Declares emergency, effective date of October 1, 2015.

**BACKGROUND:** The International Franchise Association seeks to clarify Oregon's franchise law. Currently in Oregon, franchising accounts for over 114,000 jobs across more than 10,000 franchise establishments. SB 136 seeks to provide the franchise industry certainty, as well as provide state agencies clearer direction on how to apply statutes dealing with the franchise industry and independent contractors that arguably conflict with one another.