

**STAFF MEASURE SUMMARY****Senate Committee On Business and Transportation****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/15/15**Action:** Do Pass With Amendments And Requesting Referral To Ways And Means.  
(Printed A-Engrossed.)**Meeting Dates:** 02/04, 04/15**Vote:**

Yeas: 4 - Beyer, Girod, Monroe, Thomsen

Nays: 1 - Riley

**Prepared By:** James LaBar, Committee Administrator

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**WHAT THE MEASURE DOES:**

Creates requirement for franchisee or subfranchisor to submit franchise agreement to Department of Consumer and Business Services. Adds criteria for franchisee and subfranchisor that must be met in order to not be eligible to 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 October 1, 2015.

**ISSUES DISCUSSED:**

- Oregon franchise statutes compared to independent contractor statutes
- Economic impact of franchising and/or small businesses with the backing of a national name
- Discussion of measure regarding various types of franchises, including janitorial services
- Possible effects on application of unemployment insurance program

**EFFECT OF COMMITTEE AMENDMENT:**

Replaces original measure.

**BACKGROUND:**

Currently in Oregon, franchising accounts for over 114,000 jobs across more than 10,000 franchise establishments. Senate Bill 136A was introduced at the request of the International Franchise Association to provide the franchise industry certainty, as well as to provide state agencies clearer direction regarding how to apply statutes dealing with the franchise industry and independent contractors that arguably conflict with one another.