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Fair franchising bill gains traction in Massachusetts

On June 29, the Massachusetts Joint Committee on Community Development and Small Business heard testimony from franchisees about the need for legislation to regulate franchise agreements. Known as the fair franchising bill, S.1843 is sponsored by Massachusetts Senator Brian Joyce and seeks to provide additional protections to franchisees in an effort to level the playing field between franchisors and franchisees.

Under current Massachusetts law (as is the case in most other states), franchisees could lose the entire amount of their investment in a franchise if the franchisor decides to end the contract at any time for any reason. Among other provisions, the proposed bill would require franchisors to prove a legitimate business reason for terminating a contract, ensure that franchisees are paid for the value of the business in the event of a termination, and grant franchisees monetary damages for lost sales caused by another outlet of the same franchise opening nearby.

It's easy for us as franchisees to get bogged down in the day-to-day concerns of our individual stores without seeing the bigger picture. But it's important that we pay attention to the legislative environment both in our home states and across the nation. The fact is that franchise laws (or the lack thereof!) have a significant impact on all of us and on the long-term welfare of our business. The pending legislation in Massachusetts -- as well as similar laws already passed in the states of Iowa, Rhode Island, Connecticut, Washington, and Wisconsin -- shows the power of franchisees fighting for an even playing field and pushing for legislation that is mutually beneficial for franchisees and franchisors alike.

For more information about the fair franchising bill, visit the links below, including an editorial comment from a franchisee advocate and a response from the International Franchisor Association.

- [Full text of Bill S.1843](#)
- [Little agreement as state considers franchise rules](#)
- [A steep price](#) (Op-Ed by former Dunkin' Donuts franchisee Irwin Barkan)
- [State government should stay out of franchises](#) (Response by the IFA)

We will continue to keep you updated as this important bill makes its way through the Massachusetts legislature.