



February 2017

Florida Legislature Introduces Bill Governing the Franchise Relationship

On Feb. 7, 2017, Senator Jack Latvala (R, District 16, Pasco County/Pinellas County) filed Florida [Senate Bill 750](#), entitled the “Protect Florida Small Business Act” (the Act). The Act creates additional subsections under Chapter 686, Florida Statutes, which govern the relationship between a franchisor and franchisee and which, if passed, will override the express provisions contained in franchise agreements between franchisors and Florida-based franchisees. Specifically, the Act includes, *inter alia*, the following provisions: (i) prohibiting a franchisor from terminating a franchise except for “good cause.” “Good cause” is defined as the failure of the franchisee to substantially comply with the reasonable and material requirements under the franchise agreement after being given at least 90 days’ notice prior to termination and a reasonable opportunity - not less than 60 days after notice - to cure; (ii) under certain circumstances, requiring a franchisor to provide 180 days’ prior notice of nonrenewal to the franchisee, with some exceptions (such as market withdrawal); (iii) prohibiting a franchisor from enforcing a covenant not to compete upon nonrenewal; (iv) prohibiting a franchisor from denying certain persons the opportunity to participate in the ownership of a franchise for a specified period after the death of the franchisee or the person controlling a majority interest; (v) restrictions on the franchisor’s rights concerning the transfer of the franchised business, including the imposition of reasonable requirements which must be met in order to obtain franchisor approval of a transfer; (vi) under certain circumstances, requiring the franchisor to repurchase the franchisee’s inventory and other items upon termination, nonrenewal, expiration, or death or incapacity of the franchisee; and, (vii) providing that any provisions in a franchise agreement restricting choice of law or venue to a forum outside of Florida is void with respect to certain claims.

The Florida legislative session begins March 7, 2017, and continues through May 5. It is expected that a House companion bill will be filed, and thereafter SB 750 will be assigned to specific committees and subcommittees for discussion and possibly amendment. If approved by two committees, the bill can be placed on the Calendar to be heard by the full Senate body during legislative session.

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