

1 HOUSE BILL NO. 558

2 INTRODUCED BY M. NOLAND

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING A FRANCHISOR FROM ALTERING A CONTRACT
5 IN THE EVENT OF A TRANSFER BY THE FRANCHISEE; AND PROVIDING AN APPLICABILITY DATE."
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7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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9 **NEW SECTION. Section 1. Transfer or sale of a franchise -- continuance of contracts.** (1)

10 Unless otherwise prohibited under a franchise agreement and in the event of a transfer between a franchisee
11 and a third party, the franchisor may not unilaterally alter existing contracts between the franchisor and the
12 franchisee and the transferee. A violation of this section constitutes an unfair trade practice subject to a
13 \$10,000 fine for each violation.

14 (2) This section does not apply to:

- 15 (a) motorsports dealer contracts under Title 30, chapter 14, part 25;
16 (b) new motor vehicle franchise agreements under Title 61, chapter 4; or
17 (c) farm implement dealership agreements under Title 30, chapter 11.

18 (3) For the purposes of this section, "franchise agreement" means a contract or agreement by which:

19 (a) a franchisee is granted the right to engage in business under a marketing plan prescribed in
20 substantial part by the franchisor;

21 (b) the operation of the franchisee's business is substantially associated with the franchisor's
22 trademark, trade name, logotype, or other commercial symbol or advertising designating the franchisor; and

23 (c) the franchisee is required to pay, directly or indirectly, a fee for the right to operate under the
24 agreement.
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26 **NEW SECTION. Section 2. Codification instruction.** [Section 1] is intended to be codified as an
27 integral part of Title 30, chapter 14, and the provisions of Title 30, chapter 14, apply to [section 1].
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