



AN ACT PROHIBITING A FRANCHISOR FROM ALTERING A CONTRACT IN THE EVENT OF A TRANSFER BY THE FRANCHISEE; AND PROVIDING AN APPLICABILITY DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Transfer or sale of a franchise -- continuance of contracts. (1) Unless otherwise prohibited under a franchise agreement and in the event of a transfer between a franchisee and a third party, the franchisor may not unilaterally alter existing contracts between the franchisor and the franchisee and the transferee. A violation of this section constitutes an unfair trade practice subject to a \$10,000 fine for each violation.

(2) This section does not apply to:

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

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

- (a) a franchisee is granted the right to engage in business under a marketing plan prescribed in substantial part by the franchisor;
- (b) the operation of the franchisee's business is substantially associated with the franchisor's trademark, trade name, logotype, or other commercial symbol or advertising designating the franchisor; and
- (c) the franchisee is required to pay, directly or indirectly, a fee for the right to operate under the agreement.

Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 30, chapter 14, and the provisions of Title 30, chapter 14, apply to [section 1].

Section 3. Applicability. [This act] applies to franchise agreements entered into or renewed on or after [the effective date of this act].

- END -

I hereby certify that the within bill,
HB 558, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2021.

President of the Senate

Signed this _____ day
of _____, 2021.

HOUSE BILL NO. 558

INTRODUCED BY M. NOLAND

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