

Legislative Analysis



ALLOW INDEPENDENT SOURCING OF CERTAIN GOODS AND SERVICES FOR FRANCHISES

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5465

Sponsor: Rep. Greg MacMaster

Committee: Regulatory Reform

Complete to 9-11-12

A SUMMARY OF HOUSE BILL 5465 AS INTRODUCED 3-8-12

Section 27 of the Franchise Investment Law (1974 PA 269) describes several provisions that are void and unenforceable if contained within any documents relating to a franchise.

House Bill 5465 would further render void provisions that allow franchisors to prohibit a franchisees from acquiring equipment, fixtures, supplies, or services that are used within the establishment and operation of the franchise from sources of the franchisee's choosing, provided the equipment, fixtures, supplies, or services meet quality standards established by the franchisor.

Under the bill, the provision would not apply to provisions that require franchisees to obtain reasonable quantities of goods or services, including display and sample items, from the franchisor or an affiliate, provided the goods or services are central to the franchise business and are (1) actually manufactured or produced by the franchisor or an affiliate or (2) incorporate a trade secret of the franchisor or affiliate.

MCL 445.1527

FISCAL IMPACT:

The bill does not appear to have a fiscal impact on state or local government.

Legislative Analyst: Jeff Stoutenburg
Fiscal Analyst: Robin Risko

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