

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB110

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Head

3. Committee: Passed Both Houses

4. Title: Franchisees; status thereof and its employees as employees of the franchisor.

5. Summary: Provides that, notwithstanding any voluntary agreement between the U.S. Department of Labor and a franchisee or a franchisor, neither a franchisee nor a franchisee's employee shall be deemed to be an employee of the franchisee's franchisor. The measure also provides that this exclusion does not apply with respect to a specific claim for relief made by a franchisee or a franchisee's employee if the franchisor has been found by a court of competent jurisdiction to have exercised a type or degree of control over the franchisee or the franchisee's employees not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Final. See Item 8.

8. Fiscal Implications: This bill defines an employee of the franchisee and a franchisee as not an employee of the franchisor even if there is a voluntary agreement between the U.S. Department of Labor and the franchisee. An employee can make a claim for relief against a franchisor that exerts control beyond what a franchisor seeking to protect its trademarks and brand would.

While this bill may impact some decisions determining the employer in labor law or occupational safety and health cases, the Department of Labor and Industry (DOLI) anticipates very few situations in which the bill would need to be applied. It is anticipated that any expenditure impact to DOLI can be absorbed with existing resources.

9. Specific Agency or Political Subdivisions Affected: Department of Labor and Industry.

10. Technical Amendment Necessary: No.

11. Other Comments: None.