
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2446 Session of
2018

INTRODUCED BY STEPHENS, MILLARD, GODSHALL AND TOPPER,
MAY 30, 2018

REFERRED TO COMMITTEE ON COMMERCE, MAY 30, 2018

AN ACT

1 Defining the employment relationship between franchisors and
2 franchisees.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Franchisor-
7 Franchisee Employment Relationship Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Applicable labor and employment laws." As follows:

13 (1) The act of June 2, 1915 (P.L.736, No.338), known as
14 the Workers' Compensation Act.

15 (2) The act of December 5, 1936 (2nd Sp.Sess., 1937
16 P.L.2897, No.1), known as the Unemployment Compensation Law.

17 (3) The act of October 27, 1955 (P.L.744, No.222), known
18 as the Pennsylvania Human Relations Act.

1 (4) The act of July 14, 1961 (P.L.637, No.329), known as
2 the Wage Payment and Collection Law.

3 (5) The act of January 17, 1968 (P.L.11, No.5), known as
4 The Minimum Wage Act of 1968.

5 "Franchise." As defined in 16 CFR 436.1 (relating to
6 definitions).

7 "Franchisee." As defined in 16 CFR 436.1.

8 "Franchisor." As defined in 16 CFR 436.1.

9 Section 3. Employment relationship defined.

10 (a) General rule.--Except as specifically provided in the
11 franchise agreement between a franchisor and franchisee, for
12 purposes of applicable labor and employment laws, a franchisor
13 is not considered to be an employer of:

14 (1) a franchisee; or

15 (2) a franchisee's employees.

16 (b) Exception.--With respect to a specific claim for relief
17 under this act made by a franchisee or a franchisee's employee,
18 this section does not apply to a franchisor who has been found
19 by a court of competent jurisdiction in this Commonwealth to
20 have exercised a type or degree of control over the franchisee
21 or the franchisee's employees not customarily exercised by a
22 franchisor for the purpose of protecting the franchisor's
23 trademarks and brand.

24 Section 4. Applicability.

25 This act applies only to the liability of a franchisor based
26 on conduct occurring on or after the effective date of this
27 section.

28 Section 5. Effective date.

29 This act shall take effect in 60 days.