For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS FRANCHISE PRACTICES ACT;
TO CLARIFY CHOICE OF LAW CLAUSES IN A FRANCHISE
AGREEMENT; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS FRANCHISE PRACTICES
ACT; AND TO CLARIFY CHOICE OF LAW CLAUSES
IN A FRANCHISE AGREEMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-72-206 is amended to read as follows:

4-72-206. Unlawful practices of franchisors.

(a) It shall be is a violation of this subchapter for any a franchisor, through any an officer, agent, or employee to engage directly or indirectly in any of the following practices:

(1) To require a franchisee at the time of entering into a franchise arrangement to assent to a release, assignment, novation, waiver, or estoppel which would relieve any a person from liability imposed by this subchapter;

(2) To prohibit directly or indirectly the right of free association among franchisees for any a lawful purpose;

(3) To require or prohibit any a change in management of any a franchisee unless the requirement or prohibition of change shall be is for a reasonable cause, which cause shall be stated in writing by the franchisor;

(4) To restrict the sale of any equity or debenture issue or the
transfer of any security of a franchisee or in any way prevent or attempt to
prevent the transfer, sale, or issuance of shares of stock or debentures to
employees, personnel of the franchisee, or heirs of the principal owner as
long as basic financial requirements of the franchisor are complied with, if
the sale, transfer, or issuance does not have the effect of accomplishing a
sale of the franchise;

(5) To provide any term or condition in any a lease or other
agreement ancillary or collateral to a franchise, which term or condition
directly or indirectly violates this subchapter;

(6) To refuse to deal with a franchise in a commercially
reasonable manner and in good faith; or

(7) To collect a percentage of the franchisee's sales as an
advertising fee and not use these funds for the purpose of advertising the
business conducted by the franchisee.

(b) A condition, stipulation, or provision requiring the application
of the law of another state in lieu of this subchapter is void.

/s/Richardson

APPROVED: 4/9/19