

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1892

5 By: Representative Richardson
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For An Act To Be Entitled

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

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13 TO AMEND THE ARKANSAS FRANCHISE PRACTICES
14 ACT; AND TO CLARIFY CHOICE OF LAW CLAUSES
15 IN A FRANCHISE AGREEMENT.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 4-72-206 is amended to read as follows:

22 4-72-206. Unlawful practices of franchisors.

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

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

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

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

35 (4) To restrict the sale of any equity or debenture issue or the
36 transfer of any security of a franchisee or in any way prevent or attempt to



1 prevent the transfer, sale, or issuance of shares of stock or debentures to
 2 employees, personnel of the franchisee, or heirs of the principal owner as
 3 long as basic financial requirements of the franchisor are complied with, if
 4 the sale, transfer, or issuance does not have the effect of accomplishing a
 5 sale of the franchise;

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

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

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

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

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