

State Franchise Information Guidelines

Although all franchises are subject to the FTC regulations, many states have additional laws governing franchises and similar business opportunities. The information contained in this appendix is a compilation of the available data from those states that have franchise registration laws or business opportunity statutes, or both. Included under each state heading, where applicable, is information on:

- State franchise and business opportunity statutes;
- Laws affecting franchise transfers, renewals, and terminations;
- State franchise law enforcement offices; and
- State advertising filings and review procedures.

The last two pages of this appendix consist of charts containing information on fees charged by states with franchise registration and business opportunity statutes.

State Guidelines

Use these guidelines only as an initial reference resource. As a prospective franchisor or franchisee, you should consult your own state regarding its laws, especially to request updated instructions and forms for filing a uniform franchise offering circular. Registration states have personnel, usually attorneys, who examine each offering circular submitted.

Remember: Any failure on the part of the franchisor in using, preparing, or filing the required circular could result in censure or penalties. Use this section of the book so you are knowledgeable when you talk to your attorney.

Alabama

Alabama has enacted a Deceptive Trade Practices Act that makes it unlawful to make certain misrepresentations in any franchise, distributorship, and seller-assisted marketing plan. ALA. CODE Section 8-19-1.

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Arkansas

Arkansas has a franchise relationship act known as the Franchise Practices Act that doesn't require registration or disclosure, but prohibits termination or nonrenewal of franchisees without good cause and protects franchisees from the wrongful acts of franchisors in the misuse of advertising fees. ARK. STAT. Section 70-807 and ANN. Section 4-72-201 through 4-72-210.

California

California has a Franchise Investment Act, which requires full disclosure and registration by the franchisor. CAL. CORP. CODE Section 31000 to 31516. It should be noted that California has a Seller Assisted Marketing Plan Act, which covers certain types of marketing that are akin to franchising. CAL. CIVIL CODE Section 1812-200 to 1812-221. California's Franchise Relations Act became effective January 1, 1981, and pertains to termination with good cause and prior 180-day notification if the franchisor does not intend to renew a contract. The act further provides for compensation for franchises that have not been renewed but are intended for conversion to company-owned outlets. CAL. BUS. & PROF. CODE Section 20000-20043. Brochures and ads must be submitted in duplicate and avoid any statements regarding success, safe investments, unlikelihood of default, or earnings not supported by Item 19 in the disclosure document. The ad must be filed with the Department of Corporations at least three business days prior to publishing the ad.

Connecticut

Connecticut has a Business Opportunity Investment Act that requires registration and disclosure by any person who is engaged in the business of selling or offering for sale a business opportunity. CONN. GEN. STAT. Title 36, Ch. 662a, Section 36b-60 through 36b-80. Connecticut also has a Franchise Termination Act that requires good cause for nonrenewal or termination of franchises. CONN. GEN. STAT. Section 42-133e through 42-133g.

Delaware

Delaware has a Franchise Security Law that is a franchisee-franchisor relationship statute requiring good cause for terminations and nonrenewals of franchises. DEL. CODE ANN. Title 6, Section 2551 through 2556.

Florida

Florida's Business Opportunity Act provides for filing, full disclosure, and securing an advertising number. Under certain conditions, an exception from filing can be secured. Certain misrepresentations are prohibited. FLA. STAT. 1995, Ch. 817, Section 559.8 to 559.815, effective Oct. 1, 1998. The Florida Franchise Misrepresentation Act pertains to misrepresentation by franchisors. FLA. STAT. Section 817.416.

Georgia

Georgia has a Business Opportunity Statute pertaining to fraudulent and deceptive practices in the sale of business opportunities. A disclosure must be provided in multilevel distributions. GA. CODE ANN. Section 10-1-410 through 10-1-417.

Hawaii

Hawaii has a Franchise Investment Law pertaining to filing an application and disclosure. HAW. REV. STAT. Section 482E.1 through 482E.5. Hawaii also has a Franchise Rights and Prohibitions Act regarding prohibited actions and

good cause requirements for non-renewals and terminations and an antidiscrimination provision in regard to charges made for royalties, goods, services, equipment, rentals, and advertising services unless made at different times and in different circumstances. HAW. REV. STAT. Section 482E. Hawaii does not review advertising.

Illinois

Illinois has a Franchise Disclosure Act that regulates full disclosure, registration, good cause termination, and nonrenewal provisions. ILL. COMP. STATS. 1992, Ch. 815, Section 705/19 through 705/44. Illinois has a Business Opportunity Sales Law of 1995. Illinois Laws of 1995, Public Act 89-209; ILL. COMP. STATS. 1996, Ch. 815, Section 60215-1 to 60215-135. (See also Illinois [815 IL CS 705/20].) Illinois does not require a franchisor to amend its registration when a negotiated change is made unless it is a material change and will be applied in subsequent sales of franchises.

Indiana

Indiana has a Registration Disclosure Statute in addition to a Deceptive Franchise Practices Act (IND. CODE 23-2-217) affecting good cause on nonrenewals and 90-day termination notices. IND. CODE 23-2-2.5-1 to 51. See Business Opportunity Transaction, IND. CODE, Title 24, Art. 5, Ch. 8, Section 1-21 (Par. # 5138.19). Section 23-2-2.5-25 requires advertising copy to be filed with the commission at least five business days prior to first publication.

Iowa

Iowa has two franchise acts: the 1992 Act applies to agreements prior to July 1, 2000 (1992 Act) and the 2000 Act applies to agreements after July 1, 2000 (Section 537 A.10), covering transfers, encroachments, good-cause terminations, good-cause nonrenewals, and a duty of good faith performance. IOWA CODE (2003), Title XIII, Section 523B and 523B 13 and 523H, Section 523H.1 through 523 H.17.

Kentucky

Kentucky has a Business Opportunity Disclosure Act calling for registration of nonexempt offerings. KY. REV. STAT. Section 367.801 et seq. and 367.990.

Louisiana

Louisiana has a Business Opportunity Law that does not provide for filing, but a surety bond is required in certain instances. LA. REV. STAT. Section 51:1801 through 51:1804.

Maine

Maine has a Business Opportunity Act that includes registration of nonexempt offerings and disclosure requirements pertaining to the sale of any business opportunity. ME. REV. STAT. ANN. Chapter 69-B, Section 4691 and Chapters 542 and 597 (Sections 4696-4697).

Maryland

Maryland has a Franchise Registration and Disclosure Law regulating franchises. MD. CODE ANN. Bus. Reg. Section 14-201 et seq. to 14-233. Maryland also has an Equity Participation Investment Program Act, passed for the purpose of encouraging and developing franchises in Maryland, and the Maryland Fair Distributorship Act (1993), regarding cancellation or nonrenewal notices, repurchases, and arbitration between a grantor and a distributor.

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ANN. CODE of Maryland, Title 14, Section 14-101 through 14-129, Section 14-201 through 14-233, Article of Commercial Law, Title 11, Section 11-1301 through 11-1306.

Michigan

Michigan has a Franchise Investment Law that includes good cause for termination and renewal provision laws and repurchase requirements for nonrenewals. MICH. COMP. LAWS Section 445.1527(c). It also has a Business Opportunity Act requiring a notice filing (MICH. COMP. LAWS Section 445.901 through 445.922) and a Void and Unenforceable Provisions Law (MICH. COMP. LAWS Section 445.1527). See MICH. COMP. LAWS Section 445.1525.

Minnesota

Minnesota has a Franchise Registration and Full Disclosure Act that also covers business opportunities in addition to a Pyramid and Unfair Practice Act and requires good cause for terminations and 90 days' prior written notice with a 60-day cure period for nonrenewals. MINN. STAT. Section 80C.01 et seq. to 80C.22. It has an antidiscrimination provision and ads must be filed five business days prior to the first publication.

Mississippi

Mississippi's Franchise Termination Statute also includes provisions regarding profit projections and misrepresenting earnings. Take special notice of the Repurchase of Inventory from Retailers upon Termination of Contract Statute and required 90-day written nonrenewal and termination notices. MISS. CODE ANN. Section 75-24-51 to 75-24-61.

Missouri

Missouri's statute prohibits termination without notice, requires a nonrenewal written 90-day notice, and includes a Pyramid Sales Statute. MO. REV. STAT. Section 407.400 through 407.410, 407.420.

Nebraska

Nebraska's Franchise Practice Act has provisions regarding 60 days' prior written notice and good cause for nonrenewals and terminations. NEB. REV. STAT. Section 87-401 through 87-410. In addition, it has a Business Practice Act that is, in essence, a seller-assisted marketing plans act. NEB. REV. STAT. Section 59-1701 through 59-1761.

New Hampshire

New Hampshire has a Distributor Disclosure Act. N.H. REV. STAT. ANN. Section 339-C1 through 339-C9 and Section 358-E1 through 358-E6.

New Jersey

New Jersey has a Franchise Practice Act requiring 60 days prior written notice and good cause for terminations, cancellations, and nonrenewals. N.J. REV. STAT. Section 56:10-1 through 56:10-12.

New York

New York's Franchise Registration and Disclosure Statute became effective January 1, 1981, N.Y. GEN. BUS. LAW Section 680 through 695, Laws of 1989 Ch. 61 approved effective April 1, 1989. Franchisors are free to negotiate with prospective franchisees.

North Carolina

North Carolina's Business Opportunities Disclosure Law requires filing two copies of the disclosure statement that are nonexempt offerings with the secretary of state. N.C. GEN. STAT. Section 66.94 to 66-100.

North Dakota

North Dakota's Franchise Investment Law governs registration, full disclosure, termination, and renewal of provisions. N.D. CENT. CODE ANN. Section 51.19.01 through Section 51.19.17.

Ohio

Ohio has a non-filing Business Opportunity Act requiring a disclosure be provided to prospective purchasers. OHIO REV. CODE Section 13340.01 through 1334.15 and 1334.99.

Oklahoma

Oklahoma's Business Opportunity Sales Act requires registration of nonexempt offerings. OKLA. STAT. Section 71-4-801 through 828.

Oregon

Oregon's Franchise Transactions Statute requires full disclosure but does not require registration. OR. REV. STAT. Section 650.005 through 650.085. It also has a little FTC Act prohibiting certain misrepresentation actions. OR. REV. STAT. Section 646.605. No advertising filing is required.

Rhode Island

Rhode Island's Franchise Distributor Investment Regulation Act requires the franchisor to fully disclose and register. R.I. GEN. LAWS Section 19-28-1 through 19-28.1-34. Franchisors can negotiate changes with prospective franchisees and ads must be filed three business days prior to first publication.

South Carolina

South Carolina's Business Opportunity Sales Act requires filing a disclosure with the secretary of state. S.C. CODE Section 39-57-10 to 39-57-80.

South Dakota

South Dakota's Franchises for Brand-Name Goods and Services Law requires registration and full disclosure. S.D. CODIFIED LAWS ANN. Section 37-5A-1 through 37-5A-87. Its Business Opportunity Statute requires filing of business opportunities. S.D. CODIFIED LAWS ANN. Section 37-25A-1 through 37-25A-54.

Texas

Texas has a Business Opportunity Act requiring registration unless the offering is exempt as a franchise offering and a notice of exemption is filed with the secretary of state. TEX. BUS. & COM. CODE, Title 4, Ch. 41, Section 41.001 through 41.303. (See Section 97.21.)

Utah

Utah has a Business Opportunity Disclosure Act in which it refers to “assisted marketing plans” and requires filing of nonexempt offerings. A notice of claim for exception can be filed with a fee. UTAH CODE ANN. Section 13-15-1 through 13-15-6.

Virginia

Virginia has a Retail Franchise Act that requires disclosure and registration (VA. CODE Section 13.1-557 through 13.1-574) and a Business Opportunity Law that does not require registration (VA. CODE Section 59.1-262 through 59.1-269). It also has a statute requiring good cause for cancellation (VA. CODE Section 13.1-564) and it gives the franchisee the right to negotiate changes.

Washington

Washington has a Franchise Investment Protection Act, which requires full disclosure and registration (WASH. REV. CODE Section 19.100.10 through 19.100.940), as well as provisions regarding renewal with buyout compensation and good cause termination (WASH. REV. CODE Section 19.100.180 and 19.100.190). It also has a Business Opportunity Fraud Act requiring registration (WASH. REV. CODE Section 19.110.010 through 19.100.930).

Washington, DC

D.C. Franchising Act, D.C. CODE ANN. Section 29-1201, requires good cause for terminations, cancellations, failure to renew, or failure to consent to a transfer with a required 60-day cure period. D.C. has an antidiscrimination provision and franchisors can renegotiate if initiated by the franchisees.

Wisconsin

Wisconsin’s Franchise Investment Law requires annual registration by notification on a prescribed form and full disclosure. WIS. STAT. Section 553.01 through 553.78. Its Fair Dealership Law requires “good cause” in order to terminate or fail to renew. WIS. STAT. Section 135.01 to 135.07.

United States

The Federal Trade Commission (FTC) has a general disclosure act covering franchises (Rule 436.1, which was the subject of “Amended Rule” release January 2, 2007, sometimes referred to as “New FTC Rule”). No registration is required (16 C.F.R. Part 436).

Note: All states are subject to the FTC Act whether or not they have franchise or business opportunity statutes. The FTC does not require registration of the FTC disclosure. A copy of the FTC requirements for the content of a disclosure document is in Appendix G.

Filing Fees of Franchise Registration States

State	Initial Filing	Renewal	Post-Effective Amendment	Exemption Notice	Exemption Notice Renewal
California	\$675	\$450	\$50	\$450	\$150
Hawaii	\$250	\$250	N/A	\$250	N/A
Illinois	\$500	\$100	\$25/\$100	N/A	N/A

State	Initial Filing	Renewal	Post-Effective Amendment	Exemption Notice	Exemption Notice Renewal
Indiana	\$500	\$250	\$50	\$250	N/A
Maryland	\$500	\$250	\$100	\$250	\$0
Michigan	\$250	\$0	\$0		
Minnesota	\$400	\$200	\$100	N/A	N/A
New York	\$750	\$150	\$150	\$0	\$0
North Dakota	\$250	\$100	\$50	\$100	\$50
Oregon	(No registration but statute dictates type of disclosure document and contracts to be used)				
Rhode Island	\$600	\$300	\$120	\$360	\$0
South Dakota	\$250	\$150	\$100	N/A	N/A
Virginia	\$500	\$250 + \$50 if changes made	\$100	\$100	N/A
Washington	\$600	\$100	\$100	\$100	N/A
Wisconsin	\$400	\$0	\$200	\$200	\$0

Business Opportunity Registration Fees

State	Reg. Fee	Renewal Fee	Amendment Fee	Exemption
Alabama	No registration			
California	\$100	\$100	\$30	
Connecticut	\$400	\$100	\$0	
Florida	\$300	\$300	\$50	\$100
Georgia	No registration			
Indiana	\$50	\$10	\$10	
Iowa	\$500	\$250	\$0	\$100
Kentucky	\$0	\$0	\$0	
Louisiana	\$0	\$0	\$0	
Maine	\$25	\$10	\$0	
Maryland	\$250	\$100	\$50	
Michigan	\$0	\$0	\$0	
Minnesota	See General Franchise Law Fee			
Nebraska	\$100	\$50	\$50	\$100
New Hampshire	\$0	\$0	\$0	
North Carolina	\$10			
Ohio	\$0	\$0	\$0	
Oklahoma	\$250	\$150	\$0	
South Carolina	\$100	\$0	\$0	
South Dakota	\$100	\$50	\$0	
Texas	\$195	\$25	\$25	\$25
Utah	\$0	\$0	\$0	

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State	Reg. Fee	Renewal Fee	Amendment Fee	Exemption
Virginia	\$0	\$0	\$0	
Washington	\$200	\$125	\$30	