

MOTION

DRAFT Amendments to ALEC’s “Resolution on Franchise and Business Agreement Legislation”

Summary

This resolution recognizes that business and franchise agreements as contracts, which, freely and openly entered into by the parties, should not be impaired.

Model Legislation

WHEREAS, the contract, either written or oral, is the fundamental basis for doing business in the United States, and;

WHEREAS, franchising has been a major source of economic expansion in the United States, particularly in the retail trade and service sectors, and;

WHEREAS, business and franchise agreements are contracts that govern the duties and obligations of the parties to the contract, and;

WHEREAS, parties to business and franchise agreements have legal remedies available under common law and state and federal statutes to resolve contractual disputes, and;

WHEREAS, the U.S. Constitution and most state constitutions specifically prohibit impairment of contracts freely and openly entered into by the parties, and;

WHEREAS, legislation which alters the pre-existing and prospective terms of the contract serves only to discourage the establishment of business and franchise agreements, and limits the parties' ability to choose from a variety of business relationships,

NOW THEREFORE BE IT RESOLVED, that the American Legislative Exchange Council opposes enactment of laws that interfere with business and franchise agreements freely and openly entered into by parties.

~~This Resolution will sunset on December 31, 2013 and is committed to the Labor and Business Regulation Subcommittee for further consideration.~~

1996 Sourcebook of American State Legislation

Amended by the Commerce, Insurance and Economic Development Task Force at the States and Nation Policy Summit, November 30, 2012. Approved by the ALEC Board of Legislators January 2013.