



SPONSOR: Rep. B. Short & Sen. Venables  
Reps. Briggs King, J. Johnson, Q. Johnson, Potter,  
Ramone, D. Short, Wilson

HOUSE OF REPRESENTATIVES  
147th GENERAL ASSEMBLY

HOUSE BILL NO. 55

AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO SECURITY FOR FRANCHISED DISTRIBUTORS.

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

1 Section 1. Amend Title 6, Chapter 25, Subchapter V of the Delaware Code to add a new section by making insertions  
2 as shown by underlining and deletions as shown by strikethrough as follows:

3 § ~~2554~~2555. Franchisee worker classification.

4 Individuals or entities who are parties to a franchise agreement as set out by the Federal Trade Commission shall not be  
5 deemed employees for purposes of Chapter 11 of Title 19 of the Delaware Code.

6 § ~~2554~~2555. Notice required to terminate or elect not to renew a franchise.

7 Notwithstanding any provision in a franchise agreement which provides otherwise, any termination of a franchise or  
8 election not to renew a franchise must be made on at least 90 days notice.

9 § ~~2555~~2556. Application.

10 This law shall apply to franchises in existence on July 8, 1970 and the renewal of such franchises, as well as franchises  
11 subsequently executed.

12 § ~~2556~~2557. Short title.

13 This chapter may be cited as the Delaware Franchise Security Law.

SYNOPSIS

This Bill clarifies that parties to a franchise agreement are not within the definition of "employee" under the Wage Payment and Collection Act of the State. Franchising is well-regulated at the federal and state level to ensure that both the franchisee and franchisor can benefit from the business relationship, which is outlined in the franchise agreement. It is understood that franchisees are not employees of their franchisors, as they independently operate their businesses on a day-to-day basis. Franchisees make hiring decisions, place purchase orders, bring in new businesses and process payrolls.