

## CHAPTER 21

### EMPLOYERS AND EMPLOYEES — FRANCHISE RELATIONSHIPS

H.F. 327

**AN ACT** relating to franchisor-franchisee relationships for the purposes of certain employment laws and including applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. **NEW SECTION. 85.55 Franchisor-franchisee relationship.**

1. For purposes of [this section](#), franchisee and franchisor mean the same as defined in [section 523H.1](#).

2. For purposes of [this chapter](#) and [chapters 86](#) and [87](#), a franchisor shall not be considered to be an employer of a franchisee or of an employee of a franchisee unless any of the following conditions apply:

a. The franchisor has agreed in writing to be considered to be the employer of the franchisee or of the employees of the franchisee.

b. The franchisor has been found by the workers' compensation commissioner to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Sec. 2. **NEW SECTION. 91A.15 Franchisor-franchisee relationship.**

1. For purposes of [this section](#), franchisee and franchisor mean the same as defined in [section 523H.1](#).

2. For purposes of [this chapter](#), a franchisor shall not be considered to be an employer of a franchisee or of an employee of a franchisee unless any of the following conditions apply:

a. The franchisor has agreed in writing to be considered to be the employer of the franchisee or of the employees of the franchisee.

b. The franchisor has been found by the commissioner to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Sec. 3. [Section 91D.1](#), Code 2019, is amended by adding the following new subsection:

**NEW SUBSECTION. 2A. a.** For purposes of [this subsection](#), franchisee and franchisor mean the same as defined in [section 523H.1](#).

b. For purposes of [this chapter](#), a franchisor shall not be considered to be an employer of a franchisee or of an employee of a franchisee unless any of the following conditions apply:

(1) The franchisor has agreed in writing to be considered to be the employer of the franchisee or of the employees of the franchisee.

(2) The franchisor has been found by the labor commissioner to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Sec. 4. **NEW SECTION. 96.36 Franchisor-franchisee relationship.**

1. For purposes of [this section](#), franchisee and franchisor mean the same as defined in [section 523H.1](#).

2. For purposes of [this chapter](#), a franchisor shall not be considered to be an employer of a franchisee or of an employee of a franchisee unless any of the following conditions apply:

a. The franchisor has agreed in writing to be considered to be the employer of the franchisee or of the employees of the franchisee.

b. The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Sec. 5. **NEW SECTION. 216.22 Franchisor-franchisee relationship.**

1. For purposes of [this section](#), franchisee and franchisor mean the same as defined in [section 523H.1](#).

2. For purposes of [this chapter](#), a franchisor shall not be considered to be an employer of a franchisee or of an employee of a franchisee unless any of the following conditions apply:

*a.* The franchisor has agreed in writing to be considered to be the employer of the franchisee or of the employees of the franchisee.

*b.* The franchisor has been found by the commission to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Sec. 6. APPLICABILITY. This Act applies to work performed on or after the effective date of this Act.

Approved April 9, 2019