

**Senate File 510 - Introduced**

SENATE FILE 510  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1110)

(COMPANION TO HF 327 BY  
COMMITTEE ON COMMERCE)

**A BILL FOR**

1 An Act relating to franchisor-franchisee relationships for  
2 the purposes of certain employment laws and including  
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

3 1. For purposes of this section, franchisee and franchisor  
4 mean the same as defined in section 523H.1.

5 2. For purposes of this chapter and chapters 86 and 87,  
6 a franchisor shall not be considered to be an employer of a  
7 franchisee or of an employee of a franchisee unless any of the  
8 following conditions apply:

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

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

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

19 1. For purposes of this section, franchisee and franchisor  
20 mean the same as defined in section 523H.1.

21 2. For purposes of this chapter, a franchisor shall not be  
22 considered to be an employer of a franchisee or of an employee  
23 of a franchisee unless any of the following conditions apply:

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

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

32 Sec. 3. Section 91D.1, Code 2019, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 2A. a. For purposes of this subsection,  
35 franchisee and franchisor mean the same as defined in section

1 523H.1.

2 *b.* For purposes of this chapter, a franchisor shall not be  
3 considered to be an employer of a franchisee or of an employee  
4 of a franchisee unless any of the following conditions apply:

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

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

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

15 1. For purposes of this section, franchisee and franchisor  
16 mean the same as defined in section 523H.1.

17 2. For purposes of this chapter, a franchisor shall not be  
18 considered to be an employer of a franchisee or of an employee  
19 of a franchisee unless any of the following conditions apply:

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

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

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

30 1. For purposes of this section, franchisee and franchisor  
31 mean the same as defined in section 523H.1.

32 2. For purposes of this chapter, a franchisor shall not be  
33 considered to be an employer of a franchisee or of an employee  
34 of a franchisee unless any of the following conditions apply:

35 *a.* The franchisor has agreed in writing to be considered to



1 a subfranchisor with regard to its relationship with a  
2 franchisee, except as otherwise provided by state law.  
3 The bill applies to work performed on or after the effective  
4 date of the bill.