



**House Commerce and Small Business Reported
Substitute for SB138**

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A BILL
TO BE ENTITLED
AN ACT

Relating to franchises; to prohibit a franchisor from requiring a franchisee that asserts a sincerely held religious belief to operate on a religious day under certain circumstances; and to provide a cause of action for violations.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) For purposes of this section, the following terms have the following meanings:

(1) FRANCHISE AGREEMENT. A written agreement or an amendment or renewal of a written agreement, or in the absence of a written agreement, a course of practice, in which a person grants to another person a license to use a trade name, trademark, service mark, or related characteristic in exchange for the payment of a franchise fee. The term includes a sales and service agreement other than a sales and service agreement regulated by Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle Franchise Act; Chapter 8A of Tile 28, Code of Alabama 1975; or Chapter 9 of Title 28, Code of Alabama 1975.

(2) FRANCHISEE. a. A person with which a franchisor has agreed or permitted, in writing or in practice, to purchase,



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29 sell, or offer for sale a product manufactured, produced,
30 represented, or distributed by the franchisor in exchange for
31 the payment of a franchise fee from the franchisee to the
32 franchisor.

33 b. The term does not include a person regulated under
34 Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle
35 Franchise Act; Chapter 8A of Title 28, Code of Alabama 1975;
36 or Chapter 9 of Title 28, Code of Alabama 1975.

37 (3) FRANCHISOR. a. A person that has agreed with or
38 permits, in writing or in practice, a franchisee to purchase,
39 sell, or offer for sale a product manufactured, produced,
40 assembled, represented, or distributed by the franchisor. The
41 term includes: (i) the manufacturer, producer, assembler, or
42 distributor of the product; (ii) an intermediate distributor;
43 and (iii) an agent, officer, or field or area representative
44 of the franchisor.

45 b. The term does not include a person regulated under
46 Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle
47 Franchise Act; Chapter 8A of Title 28, Code of Alabama 1975;
48 or Chapter 9 of Title 28, Code of Alabama 1975.

49 (4) ORIGINAL FRANCHISE AGREEMENT. A franchise agreement
50 that is not a renewal or an amendment. The term includes any
51 written documents incorporated into the agreement by
52 reference.

53 (5) RELIGIOUS DAY OPERATION REQUIREMENT. Any
54 requirement that has the effect of requiring a franchisee to
55 operate a franchise on a day when doing so would conflict with
56 the franchisee's sincerely held religious beliefs.



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57 (b) Except as provided in subsection (c), when a
58 franchisee asserts a sincerely held religious belief, a
59 franchisor may not:

60 (1) Enforce a religious day operation requirement;

61 (2) Require a franchisee to accept a religious day
62 operation requirement as part of an amendment to the franchise
63 agreement; or

64 (3) Refuse to renew a franchise agreement based on a
65 franchisee's decision to not comply with a religious day
66 operation requirement.

67 (c) Subsection (b) does not apply when:

68 (1) The franchise agreement **then in effect imposes** a
69 religious day operation requirement;

70 (2) The franchisee agrees through a renewal or an
71 amendment to the franchise agreement to a religious day
72 operation requirement; or

73 (3) The franchisor and the franchisee enter a franchise
74 agreement expanding the franchisee's number of franchise
75 locations which contains a religious day operation
76 requirement.

77 (d) If a court finds reasonable cause to believe that a
78 franchisor violated subsection (b), the court may order:

79 (1) Actual damages, reasonable attorney fees, and costs
80 to the franchisee;

81 (2) A permanent or temporary injunction, a temporary
82 restraining order, or other appropriate order; and

83 (3) Civil penalties against the franchisor in an amount
84 not exceeding:



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85 a. Ten thousand dollars (\$10,000) for a first
86 violation;

87 b. Twenty-five thousand dollars (\$25,000) for an
88 additional violation within the five-year period ending on the
89 day on which the franchisee filed the complaint; or

90 c. Fifty thousand dollars (\$50,000) for an additional
91 violation within the seven-year period ending on the day on
92 which the franchisee filed the complaint.

93 Section 2. This act shall become effective on June 1,
94 2026.