

SB138 INTRODUCED



1 SB138

2 XD9W4Z7-1

3 By Senator Roberts

4 RFD: Fiscal Responsibility and Economic Development

5 First Read: 14-Jan-26



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4 SYNOPSIS:

5 This bill would prohibit a franchisor from
6 requiring a franchisee that asserts a sincerely held
7 religious belief to operate on a religious day unless:
8 (i) the original franchise agreement required operation
9 on a religious day; (ii) the franchisee agrees to the
10 operation on a religious day; or (iii) the franchise
11 locations are expanded and the agreement setting forth
12 the expansion requires the operation on a religious
13 day.

14 This bill would also provide for a cause of
15 action if a franchisor violates this act and would
16 provide for penalties.

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19 A BILL

20 TO BE ENTITLED

21 AN ACT

22
23 Relating to franchises; to prohibit a franchisor from
24 requiring a franchisee that asserts a sincerely held religious
25 belief to operate on a religious day under certain
26 circumstances; and to provide a cause of action for
27 violations.

28 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

41 (2) FRANCHISEE. a. A person with which a franchisor has
42 agreed or permitted, in writing or in practice, to purchase,
43 sell, or offer for sale a product manufactured, produced,
44 represented, or distributed by the franchisor in exchange for
45 the payment of a franchise fee from the franchisee to the
46 franchisor.

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

51 (3) FRANCHISOR. a. A person that has agreed with or
52 permits, in writing or in practice, a franchisee to purchase,
53 sell, or offer for sale a product manufactured, produced,
54 assembled, represented, or distributed by the franchisor. The
55 term includes: (i) the manufacturer, producer, assembler, or
56 distributor of the product; (ii) an intermediate distributor;



57 and (iii) an agent, officer, or field or area representative
58 of the franchisor.

59 b. The term does not include a person regulated under
60 Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle
61 Franchise Act; Chapter 8A of Title 28, Code of Alabama 1975;
62 or Chapter 9 of Title 28, Code of Alabama 1975.

63 (4) ORIGINAL FRANCHISE AGREEMENT. A franchise agreement
64 that is not a renewal or an amendment. The term includes any
65 written documents incorporated into the agreement by
66 reference.

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

71 (b) Except as provided in subsection (c), when a
72 franchisee asserts a sincerely held religious belief, a
73 franchisor may not:

74 (1) Enforce a religious day operation requirement;

75 (2) Require a franchisee to accept a religious day
76 operation requirement as part of an amendment to the franchise
77 agreement; or

78 (3) Refuse to renew a franchise agreement based on a
79 franchisee's decision to not comply with a religious day
80 operation requirement.

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

82 (1) The original franchise agreement conspicuously
83 provides a religious day operation requirement;

84 (2) The franchisee agrees through a renewal or an

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85 amendment to the franchise agreement to a religious day
86 operation requirement; or

87 (3) The franchisor and the franchisee enter a franchise
88 agreement expanding the franchisee's number of franchise
89 locations which contains a religious day operation
90 requirement.

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

93 (1) Actual damages, reasonable attorney fees, and costs
94 to the franchisee;

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

97 (3) Civil penalties against the franchisor in an amount
98 not exceeding:

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

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

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

107 Section 2. This act shall become effective on June 1,
108 2026.