

House Engrossed

**FILED**

**MICHELE REAGAN  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-third Legislature  
First Regular Session  
2017

**CHAPTER 40  
HOUSE BILL 2322**

AN ACT

AMENDING TITLE 23, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 23-1604; RELATING TO EMPLOYMENT RELATIONSHIPS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 23, chapter 10, article 1, Arizona Revised  
3 Statutes, is amended by adding section 23-1604, to read:

4 23-1604. Franchisor and franchisee; owner of a mark and  
5 licensee; employment relationship; definitions

6 A. FOR THE PURPOSES OF THIS TITLE:

7 1. A FRANCHISOR IS NOT AN EMPLOYER OR CO-EMPLOYER OF EITHER A  
8 FRANCHISEE OR AN EMPLOYEE OF THE FRANCHISEE, UNLESS THE FRANCHISOR AGREES,  
9 IN WRITING, TO ASSUME THE ROLE OF EMPLOYER OR CO-EMPLOYER OF THE  
10 FRANCHISEE OR THE EMPLOYEE OF THE FRANCHISEE.

11 2. THE OWNER OF A MARK IS NOT AN EMPLOYER OR CO-EMPLOYER OF EITHER  
12 THE LICENSEE OR AN EMPLOYEE OF THE LICENSEE, UNLESS THE OWNER OF THE MARK  
13 AGREES, IN WRITING, TO ASSUME THE ROLE OF EMPLOYER OR CO-EMPLOYER OF THE  
14 LICENSEE OR THE EMPLOYEE OF THE LICENSEE.

15 B. FOR THE PURPOSES OF THIS SECTION:

16 1. "FRANCHISEE" HAS THE SAME MEANING PRESCRIBED IN 16 CODE OF  
17 FEDERAL REGULATIONS SECTION 436.1.

18 2. "FRANCHISOR" HAS THE SAME MEANING PRESCRIBED IN 16 CODE OF  
19 FEDERAL REGULATIONS SECTION 436.1.

20 3. "LICENSEE" MEANS A THIRD PARTY TO WHOM THE OWNER OF A MARK  
21 LICENSES THE OWNER'S MARK FOR THE PURPOSE OF INDEPENDENTLY CONDUCTING  
22 BUSINESS USING THE LICENSED MARK.

23 4. "MARK" HAS THE SAME MEANING PRESCRIBED IN SECTION 44-1441.

**APPROVED BY THE GOVERNOR MARCH 21, 2017.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 21, 2017.**

Passed the House February 16, 20 17

Passed the Senate March 14, 2017

by the following vote: 34 Ayes,

by the following vote: 17 Ayes,

24 Nays, 2 Not Voting

13 Nays, 0 Not Voting

[Signature]  
Speaker of the House  
 Pro Tempore

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

15<sup>th</sup> day of March, 20 17

at 4:02 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 21<sup>st</sup> day of

March, 2017

at 10:30 o'clock A M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 21 day of March, 20 17

at 4:51 o'clock P M.

[Signature]  
Secretary of State

H.B. 2322