

**FRANCHISE & DISTRIBUTION****NEW ARIZONA LAW RELEASES CHOKEHOLD ON FRANCHISE EMPLOYMENT STATUS DILEMMA***by James A. Ullman*

On March 21, 2017, Arizona Governor Doug Ducey signed into law House Bill 2322 which is Arizona's response to the legal controversy plaguing many franchisors relative to imputed joint employment. The law holds that no franchisor shall be deemed to be an employer "...unless the franchisor agrees in writing to assume the role of employer or co-employer of the franchisee or the employee of the franchisee."

This legislative response should be of great assistance to many franchises operating in the state, but of particular relevance to quick serve restaurant and janitorial concepts. Over recent years, several federal and state courts and regulatory agencies such as the National Labor Relations Board, targeted franchisors who exercised even moderate control, directly or indirectly, over their franchisee's employment practices. The franchise community has a legitimate interest in giving guidance to its franchisees in order to maintain brand uniformity and quality. However, several franchisors retreated over the past few years from giving their franchisees any guidance or advice relative to employment practices. House Bill 2322 will take effect on Aug 9, 2017.

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