

House Bill 2590

Sponsored by Representative HUDSON (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells a franchisor not to make a franchisee buy goods or services from the franchisor or a source the franchisor favors. Lists some exceptions. Says that a franchisor may not get money, goods or a benefit from a person that does business with a franchisee unless the franchisor passes the money, goods or benefit to the franchisee right away. Lists an exception. (Flesch Readability Score: 64.9).

Prohibits a franchisor from requiring a franchisee to purchase goods, supplies, inventories or services from the franchisor or a source the franchisor designates if goods, supplies, inventories or services of comparable quality are available elsewhere. Specifies exceptions.

Prohibits a franchisor from receiving payment, goods, services or any other benefit from a person with which a franchisee does business unless the franchisor accounts for and transmits to the franchisee the payment, goods, service or benefit. Specifies exceptions.

A BILL FOR AN ACT

1
2 Relating to prohibited provisions in franchise agreements.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 650.005 to**
5 **650.100.**

6 **SECTION 2. (1)(a) A franchisor may not require as part of a franchise that the franchisee**
7 **purchase goods, supplies, inventories or services solely from the franchisor or a source the**
8 **franchisor designates if goods, supplies, inventories or services of comparable quality are**
9 **available from sources other than the franchisor or the sources that the franchisor desig-**
10 **nates, except that the franchisor may:**

11 **(A) Publish a list of approved sources of goods, supplies, inventories or services that**
12 **comply with a published set of the franchisor's specifications and standards; and**

13 **(B) Disapprove sources of goods, supplies, inventories or services that do not comply with**
14 **the franchisor's published specifications and standards.**

15 **(b) Paragraph (a) of this subsection does not apply to goods, supplies, inventories or**
16 **services that the franchisor manufactures or that bear the franchisor's trademark.**

17 **(2)(a) Except as provided in paragraph (b) of this subsection, a franchisor may not receive**
18 **from a person with which a franchisee does business a payment, a provision of goods or**
19 **services or of any other benefit if the payment, provision or benefit arises as a consequence**
20 **of or in relation to the franchisee's transaction with the person, unless the franchisor**
21 **promptly accounts for and transmits the payment, provision or benefit to the franchisee.**

22 **(b) A franchisor may receive compensation for services the franchisor provides to the**
23 **person or the franchisee in enabling or facilitating the transaction between the person and**
24 **the franchisee.**

25 **SECTION 3. Section 2 of this 2025 Act applies to franchises into which a franchisor and**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **franchisee enter or that a franchisor and franchisee renew on or after the effective date of**
2 **this 2025 Act.**

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