



**House  
Legislative  
Analysis  
Section**

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**LIABILITY OF FRANCHISORS**

**House Bill 4566 as introduced  
First Analysis (4-12-89)**

**Sponsor: Rep. Pat Gagliardi**

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**MAY 23 1989**

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***THE APPARENT PROBLEM:***

Public Act 1 of 1989 (House Bill 4030) amended the Franchise Investment Law to limit the liability of franchisors who fail to file an annual notice of intent to do business in the the state with the attorney general. Under the bill, liability would be limited to the amount of damages caused by the failure to file, rather than for rescission costs to the franchise purchaser. (For further information, see House Legislative Analysis Section analysis of House Bill 4030, dated 3-29-89.) When House Bill 4030 was enrolled in March 1989, it was not given immediate effect as the sponsor intended; thus, the changes would not take effect until April, 1990. In order to more quickly effectuate the amendments made by Public Act 1, it is necessary to reenact the changes in a new bill, which can be given immediate effect by the legislature.

***THE CONTENT OF THE BILL:***

The bill would make no substantive changes in current law; it would amend the Franchise Investment Law to essentially reenact the changes made in House Bill 4030, Public Act 1 of 1989.

MCL 445.1531

***FISCAL IMPLICATIONS:***

The House Fiscal Agency reported that House Bill 4030 (Public Act 1 of 1989) had no fiscal implications for the state. (2-23-89)

***ARGUMENTS:***

***For:***

The bill is simply a technical measure necessary to speed up the changes in the Franchise Investment Law made by Public Act 1 of 1989. If given immediate effect, those changes could take effect upon enactment of this bill, rather than a year from now.

***POSITIONS:***

There are no positions on the bill.

H.B. 4566 (4-12-89)