

SB138 ENROLLED



1 SB138
2 DG8QQTN-2
3 By Senator Roberts
4 RFD: Fiscal Responsibility and Economic Development
5 First Read: 14-Jan-26



SB138 Enrolled

1 Enrolled, An Act,

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4 Relating to franchises; to prohibit a franchisor from
5 requiring a franchisee that asserts a sincerely held religious
6 belief to operate on a religious day under certain
7 circumstances; and to provide a cause of action for
8 violations.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

12 (1) FRANCHISE AGREEMENT. A written agreement or an
13 amendment or renewal of a written agreement, or in the absence
14 of a written agreement, a course of practice, in which a
15 person grants to another person a license to use a trade name,
16 trademark, service mark, or related characteristic in exchange
17 for the payment of a franchise fee. The term includes a sales
18 and service agreement other than a sales and service agreement
19 regulated by Chapter 20 of Title 8, Code of Alabama 1975, The
20 Motor Vehicle Franchise Act; Chapter 8A of Title 28, Code of
21 Alabama 1975; or Chapter 9 of Title 28, Code of Alabama 1975.

22 (2) FRANCHISEE. a. A person with which a franchisor has
23 agreed or permitted, in writing or in practice, to purchase,
24 sell, or offer for sale a product manufactured, produced,
25 represented, or distributed by the franchisor in exchange for
26 the payment of a franchise fee from the franchisee to the
27 franchisor.

28 b. The term does not include a person regulated under



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29 Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle
30 Franchise Act; Chapter 8A of Title 28, Code of Alabama 1975;
31 Chapter 9 of Title 28, Code of Alabama 1975; or Chapter 15 of
32 Title 34, Code of Alabama 1975.

33 (3) FRANCHISOR. a. A person that has agreed with or
34 permits, in writing or in practice, a franchisee to purchase,
35 sell, or offer for sale a product manufactured, produced,
36 assembled, represented, or distributed by the franchisor. The
37 term includes: (i) the manufacturer, producer, assembler, or
38 distributor of the product; (ii) an intermediate distributor;
39 and (iii) an agent, officer, or field or area representative
40 of the franchisor.

41 b. The term does not include a person regulated under
42 Chapter 20 of Title 8, Code of Alabama 1975, The Motor Vehicle
43 Franchise Act; Chapter 8A of Title 28, Code of Alabama 1975;
44 Chapter 9 of Title 28, Code of Alabama 1975; or Chapter 15 of
45 Title 34, Code of Alabama 1975.

46 (4) ORIGINAL FRANCHISE AGREEMENT. A franchise agreement
47 that is not a renewal or an amendment. The term includes any
48 written documents incorporated into the agreement by
49 reference.

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

54 (b) Except as provided in subsection (c), when a
55 franchisee asserts a sincerely held religious belief, a
56 franchisor may not:



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57 (1) Enforce a religious day operation requirement;

58 (2) Require a franchisee to accept a religious day
59 operation requirement as part of an amendment to the franchise
60 agreement; or

61 (3) Refuse to renew a franchise agreement based on a
62 franchisee's decision to not comply with a religious day
63 operation requirement.

64 (c) Subsection (b) does not apply and a franchisor is
65 not prohibited from enforcing a religious day operation
66 requirement when:

67 (1) The original franchise agreement or franchise
68 agreement then in effect conspicuously provides for operation
69 on a day that imposes a religious day operation requirement;

70 (2) The franchisee agrees through a renewal or an
71 amendment to the franchise agreement to a religious day
72 operation requirement; or

73 (3) The franchisor and the franchisee enter a franchise
74 agreement expanding the franchisee's number of franchise
75 locations which contains a religious day operation
76 requirement.

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

79 (1) Actual damages, reasonable attorney fees, and costs
80 to the franchisee;

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

83 (3) Civil penalties against the franchisor in an amount
84 not exceeding:



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

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

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

93 Section 2. This act shall become effective on June 1,
94 2026.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB138
Senate 12-Feb-26
I hereby certify that the within Act originated in and passed
the Senate.

Patrick Harris,
Secretary.

House of Representatives
Amended and passed: 08-Apr-26

Senate concurred in House amendment 08-Apr-26

By: Senator Roberts