

## **BILL ANALYSIS**

S.B. 1701  
By: Fraser  
Business & Industry  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently law relating to business opportunities provides that certain transactions or arrangements, including a franchise arrangement, do not constitute such an opportunity. The provision refers to C.F.R. Section 436.2(a) for the definition of "franchise."

S.B. 1701 specifies that the definition of "business opportunity" does not include an arrangement defined as a franchise by 16 C.F.R. Part 436, rather than 16 C.F.R. Section 436.2(a), and its subsequent amendments, under certain conditions.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1701 amends the Business & Commerce Code to specify that the definition of "business opportunity" does not include an arrangement defined as a franchise by 16 C.F.R. Part 436, relating to disclosure requirements and prohibitions concerning franchising and business opportunity ventures, and its subsequent amendments, rather than 16 C.F.R. Section 436.2(a), defining the term "franchise" as used in that part, and its subsequent amendments, if certain conditions are met.

### **EFFECTIVE DATE**

September 1, 2009.