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BLOGS

State Franchise and Dealer Laws

Governor Vetoes Revisions to California Franchise Relations Act

On Monday, Sept. 29, 2014, California Governor Jerry Brown vetoed Senate Bill 610, a much-debated provision that would have altered all franchise relationships subject to the state's laws. In rejecting the bill, Governor Brown wrote that the new termination requirement of "substantial and material breach" of the franchise agreement was new and untested, in contrast with the "good cause" requirement in place today. More generally, he acknowledged SB 610 "would significantly impact California's vast franchise industry that relies on the certainty of well-settled laws." The governor suggested that, given the "diametrically different views" held by proponents and opponents of the bill, "it is in the best interest of all that a concerted effort be made to reach a more collaborative solution."

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