2015 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB422)

Receive	ed: 2/2/2016			Received By:	mduchek	
For:	Chris Ka	penga (608) 266	-9174	Same as LRB:		
May Co	ontact:			By/Representing:	Christian	
Subject	: Unemplo	yment Insuranc	e	Drafter:	mduchek	
				Addl. Drafters:		
				Extra Copies:		
Reques	via email: ter's email: copy (CC) to:	gordon.ma	ga@legis.wisco laise@legis.wis Kean@legis.wi	sconsin.gov		
Pre To	pic:					
No spec	cific pre topic giv	ren				
Topic:						
Franchi	sor/franchisee					
Instruc	tions:					
See atta	ched, do as sub					
Draftin	ng History:					
Vers.	<u>Drafted</u>	Reviewed	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mduchek 2/2/2016	eweiss 2/2/2016				
/P1				lparisi 2/2/2016		
/P2	mduchek 2/2/2016	kfollett 2/2/2016		sbasford 2/2/2016		

LRBs0295 2/2/2016 4:59:00 PM Page 2

Vers.	<u>Drafted</u>	Reviewed	Proofed	Submitted	<u>Jacketed</u>	Required
/1				lparisi 2/2/2016	lparisi 2/2/2016	
FE Sent	For:					
		<	END>			

Duchek, Michael

From:

Laatsch, Christian

Sent:

Tuesday, February 02, 2016 9:08 AM

To:

Duchek, Michael

Cc:

Koenen, Kyle; Spencer, Matt

Subject:

RE: Comments

I think your thought in the second paragraph is something that might work. Could you put a p-draft of that together for us?

Christian L. Laatsch | Policy Advisor and Committee Clerk | 33rd Senate District Office of Senator Chris Kapenga | www.SenatorKapenga.com | (608) 266-9174



From: Duchek, Michael

Sent: Monday, February 01, 2016 5:29 PM

To: Laatsch, Christian < Christian. Laatsch@legis.wisconsin.gov>

Subject: Comments

I spoke with someone over there briefly, and he said that even if they only looked at this when a claim was filed, that would be problematic since they are supposed to register with DWD when they first come into business, so you'd be saying in essence to apply the 9 point test at first, but then to apply a different test if a benefit claim was filed, which could mean that they'd be making a different decision retroactively. Not only does that seem problematic for them to possibly have to reverse their original determination, it would actually seem to go against the intent that the franchisor might be considered the employer. We talked about trying to discuss another solution tomorrow morning.

Another thought would be to create s. 108.065 (1e) (c), which would say, in essence, that the department would apply s. 108.065 (4) (the bill) if the franchisor was found to be the employer under s. 108.065 (1e) (a) and (b) (the 9-point test. etc.). I think by doing this, we could avoid saying that the franchisor was ever the employer to begin with under sub. (1e) because the test under sub. (4) would in essence become part of the sub. (1e) test, but they would only ever get to applying it if it ever came up. I don't know if that sounds like a possible solution but that's my thought at the moment before I go.

-Mike



In 2-2 TODAY ASAP

State of Misconsin 2015 - 2016 LEGISLATURE

45A to

LRBs 0195/P/ LRB\=3874/1 GM/AM/MD:emw/\\

2015 SENATE BILL 422

December 3, 2015 – Introduced by Senators Kapenga, Marklein and Stroebel, cosponsored by Representatives Kuglitsch, Born, R. Brooks, Craig, Gannon, Hutton, Jarchow, Knodl, Murphy, Rohrkaste, Sanfelippo, Skowronski and Tittl. Referred to Committee on Labor and Government Reform.

S.R. 1

Kody

 $AN\ ACT\ \textit{to\ create}\ 102.04\ (2r),\ 104.015,\ 108.065\ (4),\ 109.015\ and\ 111.3205\ of\ the$

statutes; relating to: exclusion of a franchisor as the employer of a franchisee

or of an employee of a franchisee.

3

2

substitute amendment

Analysis by the Legislative Reference Bureau

This bill excludes a franchisor as the employer of a franchisee or of an employee of a franchisee for purposes of certain laws relating to employment. Specifically, the bill provides that for purposes of the laws relating to worker's compensation, unemployment insurance, employment discrimination, minimum wage, and wage payments, a franchisor is not considered to be the employer of a franchisee or of an employee of a franchisee, unless any of the following applies:

1. The franchisor has agreed in writing to assume that role.

2. The franchisor has been found to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4

SECTION 1. 102.04 (2r) of the statutes is created to read: 2

of a franchisec or an employed of a franchisee

With respect to the unemployment insurance law, the substitute amendment provides for the application of the exclusion if a frenchisor is found to be an employer under provisions in current law used for determining which employing

-2

SENATE BILL 422

102.04 (2r) For purposes of this chapter, a franchisor, as defined in 16 CFR
436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR
436.1 (i), or of an employee of a franchisee, unless any of the following applies:
(a) The franchisor has agreed in writing to assume that role.
(b) The franchisor has been found by the department or the division to have
exercised a type or degree of control over the franchisee or the franchisee's employees
that is not customarily exercised by a franchisor for the purpose of protecting the
franchisor's trademarks and brand.
Section 2. 104.015 of the statutes is created to read:
104.015 Franchisors excluded. For purposes of this chapter, a franchisor,
as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee,
as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the
following applies:
(1) The franchisor has agreed in writing to assume that role.
(2) The franchisor has been found by the department to have exercised a type
or degree of control over the franchisee or the franchisee's employees that is not
customarily exercised by a franchisor for the purpose of protecting the franchisor's
trademarks and brand.
SECTION 3. 108.065 (4) of the statutes is created to read:
108.065 (4) Notwithstanding sub. (1e), a franchisor, as defined in 16 CFR 436.1
(k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1
(i), or of an employee of a franchisee, unless any of the following applies:
(a) The franchisor has agreed in writing to assume that role.
(b) The franchisor has been found by the department to have exercised a type

or degree of control over the franchisee or the franchisee's employees that is not

SENATE BILL 422

				Ŋ.
ſν	5	3	-2	

1

 2

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

- customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.
- 3 **Section 4.** 109.015 of the statutes is created to read:
- 109.015 Franchisors excluded. For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:
 - (1) The franchisor has agreed in writing to assume that role.
 - (2) The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.
 - **Section 5.** 111.3205 of the statutes is created to read:
 - 111.3205 Franchisors excluded. For purposes of this subchapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:
 - (1) The franchisor has agreed in writing to assume that role.
 - (2) The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.
 - Section 6. Initial applicability.

SENATE BILL 422

(1) EXCLUSION OF FRANCHISORS AS EMPLOYERS. This act first applies to work performed on the effective date of this subsection.

3

1

2

(END)



State of Misconsin 2015 - 2016 LEGISLATURE

LRBa1870/P1 MED:jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION SENATE AMENDMENT, TO SENATE BILL 422

Ins 2-8

1

2

3

4

5

6

7

8

9

10

11

At the locations indicated, amend the bill as follows:

1. Page 2, line 18: after that line insert:

SECTION 28. 108.065 (1e) (intro.), (a) (intro.) and (b) (intro.) of the statutes are amended to read:

108.065 (1e) (intro.) Except as provided in subs. (2) and (3), if there is more than one employing unit that has a relationship to an employee, the department shall determine which of the employing units is the employer of the employee by considering doing the following:

- (a) (intro.) An Considering an employing unit's right by contract and in fact to:
- (b) (intro.) Which Considering which employing unit:
- SECTION 108.065 (1e) (c) of the statutes is created to read:

108.065 (1e) (c) If, after the application of pars. (a) and (b), a franchisor, as $\mathbf{2}$ defined in 16 CFR 436.1 (k), is determined to be the employer of a franchisee, as 3 defined in 16 CFR 436.1 (i), or of an employee of a franchisee, applying sub. (4). $2.\$ Page 2, line 20: delete "Notwithstanding sub. (1e), a" and substitute "(a) A". 4 3. Page 2, line 23: delete "(a)" and substitute "1.". 5 Rage 2, line 24: delete "(b)" and substitute "2.". 6 **5.** Page 3, line 2: after that line insert: 7 (b) This subsection shall be applied as provided in sub. (1e) (c). 8

9 (END)



State of Misconsin 2015 - 2016 LEGISLATURE

LRBs0295/RD GM/AM/MD:emw&jld PMR +W'y

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION SENATE SUBSTITUTE AMENDMENT,

TO SENATE BILL 422

[IN-2/2] DUR-NOW] Thuk!

1

2

3

4

AN ACT to amend 108.065 (1e) (intro.), (a) (intro.) and (b) (intro.); and to create 102.04 (2r), 104.015, 108.065 (1e) (c), 108.065 (4), 109.015 and 111.3205 of the statutes; relating to: exclusion of a franchisor as the employer of a franchisee or of an employee of a franchisee.

Analysis by the Legislative Reference Bureau

This substitute amendment excludes a franchisor as the employer of a franchisee or of an employee of a franchisee for purposes of certain laws relating to employment. Specifically, the substitute amendment provides that for purposes of the laws relating to worker's compensation, unemployment insurance, employment discrimination, minimum wage, and wage payments, a franchisor is not considered to be the employer of a franchisee or of an employee of a franchisee, unless any of the following applies:

- 1. The franchisor has agreed in writing to assume that role.
- 2. The franchisor has been found to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

With respect to the unemployment insurance law, the substitute amendment provides for the application of the exclusion if a franchisor is found to be an employer

 2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

of a franchisee or of an employee of a franchisee under provisions in current law used for determining which employing unit is considered an employer.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1.	102 04	(2r) of the	statutes is	created to	read.
A DIVERSITY OF A	102.04		SECULIES IS	CLEARED BU	1 - 211

102.04 (2r) For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:

- (a) The franchisor has agreed in writing to assume that role.
- (b) The franchisor has been found by the department or the division to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Section 2. 104.015 of the statutes is created to read:

104.015 Franchisors excluded. For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:

- (1) The franchisor has agreed in writing to assume that role.
- (2) The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

SECTION 3. 108.065 (1e) (intro.), (a) (intro.) and (b) (intro.) of the statutes are amended to read:

 $\mathbf{2}$

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

following applies:

SECTION 3 department shall apply sub. (4) only as provided in this paragraph. 108.065 (1e) (intro.) Except as provided in subs. (2) and (3), if there is more than one employing unit that has a relationship to an employee, the department shall determine which of the employing units is the employer of the employee by considering doing the following: (a) (intro.) An Considering an employing unit's right by contract and in fact to: (b) (intro.) Which Considering which employing unit: **Section 4.** 108.065 (1e) (c) of the statutes is created to read: 108.065 (1e) (c) If, after the application of pars. (a) and (b), a franchisor, as defined in 16 CFR 436.1 (k), is determined to be the employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, applying sub. (4). **Section 5.** 108.065 (4) of the statutes is created to read: 108.065 (4) (a) A franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies: 1. The franchisor has agreed in writing to assume that role. 2. The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand. (b) This subsection shall be applied as provided in sub. (1e) (c). **Section 6.** 109.015 of the statutes is created to read: 109.015 Franchisors excluded. For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee. as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the

(1) The franchisor has agreed in writing to assume that role.
(2) The franchisor has been found by the department to have exercised a type
or degree of control over the franchisee or the franchisee's employees that is no
customarily exercised by a franchisor for the purpose of protecting the franchisor's
trademarks and brand.
SECTION 7. 111.3205 of the statutes is created to read:
111.3205 Franchisors excluded. For purposes of this subchapter, a
franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a
franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless
any of the following applies:
(1) The franchisor has agreed in writing to assume that role.
(2) The franchisor has been found by the department to have exercised a type
or degree of control over the franchisee or the franchisee's employees that is no
customarily exercised by a franchisor for the purpose of protecting the franchisor's
trademarks and brand.
Section 8. Initial applicability.
(1) Exclusion of franchisors as employers. This act first applies to work
performed on the effective date of this subsection.

(END)

McKean, Aaron

From:

Laatsch, Christian

Sent:

Tuesday, February 02, 2016 2:47 PM

To:

Duchek, Michael; McKean, Aaron

Subject:

RE: FW: FYI

Let's make those changes you mention in the first part of your response. As you mention for the second part, let's keep the test and statement in sub. (4).

From: Duchek, Michael

Sent: Tuesday, February 02, 2016 2:45 PM

To: Laatsch, Christian < Christian Laatsch@legis.wisconsin.gov>; McKean, Aaron < Aaron.McKean@legis.wisconsin.gov>

Subject: Re: FW: FYI

We could add language to 108.065 (4) (b) to add the word "only" and also say that the department may not use the new test except under that circumstance.

I would recommend leaving the test and statement in sub. (4) though because of the wording of the (1e) introduction it would get messy to put it all in (1e) (c) without changing your language around and our statutes only let us go down so far as far as breaking things into subunits.

Sent from Outlook on Android

On Tue, Feb 2, 2016 at 12:37 PM -0800, "Laatsch, Christian" < Christian.Laatsch@legis.wisconsin.gov> wrote:

Hi Aaron, please see below for a request from my boss regarding the substitute amendment to Senate Bill 422. The LRB number for the substitute amendment is s0295/P1. Can we have these changes made as a P/2?

We need this ASAP, as we are going to be making a final decision on everything today yet.

Christian L. Laatsch | Policy Advisor and Committee Clerk | 33rd Senate District Office of Senator Chris Kapenga | www.SenatorKapenga.com | (608) 266-9174



From: Laatsch, Christian

Sent: Tuesday, February 02, 2016 2:26 PM

To: Duchek, Michael < Michael. Duchek@legis. wisconsin.gov>

Subject: RE: FYI

My boss would like to find a way to further clarify that the department is **not allowed** to trigger the extra test on page three, lines 15-19, unless the franchisor is found to be the employer as a result of the nine-point test, etc. We need to explicitly direct the department what not to do.

Also, instead of having the part on page three, lines 12-19, as a separate subsection of 108.065, is there a way we can put it as a subsection of (1e)(c)? If possible, my boss thinks it will make the section flow better (and easier for the department to understand).

From: Duchek, Michael

Sent: Tuesday, February 02, 2016 2:15 PM

To: Laatsch, Christian < Christian.Laatsch@legis.wisconsin.gov

Subject: RE: FYI

Let me know but Aaron McKean will be able to help. Do you have something in mind?

Sent from Outlook on Android

On Tue, Feb 2, 2016 at 12:09 PM -0800, "Laatsch, Christian" < Christian.Laatsch@legis.wisconsin.gov> wrote:

Who should I talk to if we need a change to the substitute amendment?

From: Duchek, Michael

Sent: Tuesday, February 02, 2016 11:58 AM

To: Laatsch, Christian < Christian.Laatsch@legis.wisconsin.gov>

Subject: FYI

I have to take my son to the doctor on the west side, so I'll be leaving probably a little after 1 and then probably won't be back in until tomorrow due to the snow. I will be checking email and can get things jacketed if necessary.



State of Misconsin 2015 - 2016 LEGISLATURE

In 2-3

LRBs0295/P2/ GM/AM/MD:emw/jld/wlj

TODAY if poss

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION SENATE SUBSTITUTE AMENDMENT,

TO SENATE BILL 422

AN ACT to amend 108.065 (1e) (intro.), (a) (intro.) and (b) (intro.); and to create

102.04 (2r), 104.015, 108.065 (1e) (c), 108.065 (4), 109.015 and 111.3205 of the

statutes; relating to: exclusion of a franchisor as the employer of a franchisee

or of an employee of a franchisee.

Analysis by the Legislative Reference Bureau

This substitute amendment excludes a franchisor as the employer of a franchisee or of an employee of a franchisee for purposes of certain laws relating to employment. Specifically, the substitute amendment provides that for purposes of the laws relating to worker's compensation, unemployment insurance, employment discrimination, minimum wage, and wage payments, a franchisor is not considered to be the employer of a franchisee or of an employee of a franchisee, unless any of the following applies:

1. The franchisor has agreed in writing to assume that role.

2. The franchisor has been found to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

With respect to the unemployment insurance law, the substitute amendment provides for the application of the exclusion if a franchisor is found to be an employer

Lonly

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

of a franchisee or of an employee of a franchisee under provisions in current law used for determining which employing unit is considered an employer.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Section 1. 102.04 (2r) of the statutes is created to read:

102.04 (2r) For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:

- (a) The franchisor has agreed in writing to assume that role.
- (b) The franchisor has been found by the department or the division to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

Section 2. 104.015 of the statutes is created to read:

104.015 Franchisors excluded. For purposes of this chapter, a franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the following applies:

- (1) The franchisor has agreed in writing to assume that role.
- (2) The franchisor has been found by the department to have exercised a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademarks and brand.

SECTION 3. 108.065 (1e) (intro.), (a) (intro.) and (b) (intro.) of the statutes are amended to read:

108.065 (1e) (intro.) Except as provided in subs. (2) and (3), if there is more than
one employing unit that has a relationship to an employee, the department shall
determine which of the employing units is the employer of the employee by
considering doing the following:
(a) (intro.) An Considering an employing unit's right by contract and in fact to
(b) (intro.) Which Considering which employing unit:
SECTION 4. 108.065 (1e) (c) of the statutes is created to read:
108.065 (1e) (c) If, after the application of pars. (a) and (b), a franchisor, as
defined in 16 CFR 436.1 (k), is determined to be the employer of a franchisee, as
defined in 16 CFR 436.1 (i), or of an employee of a franchisee, applying sub. (4). The
department shall apply sub. (4) only as provided in this paragraph.
SECTION 5. 108.065 (4) of the statutes is created to read:
108.065 (4) (a) A franchisor, as defined in 16 CFR 436.1 (k), is not considered
to be an employer of a franchisee, as defined in 16 CFR 436.1 (i), or of an employee
of a franchisee, unless any of the following applies:
1. The franchisor has agreed in writing to assume that role.
2. The franchisor has been found by the department to have exercised a type
or degree of control over the franchisee or the franchisee's employees that is not
customarily exercised by a franchisor for the purpose of protecting the franchisor's
trademarks and brand.
(b) This subsection shall be applied only as provided in sub. (1e) (c).
Section 6. 109.015 of the statutes is created to read:
109.015 Franchisors excluded. For purposes of this chapter, a franchisor,
as defined in 16 CFR 436.1 (k), is not considered to be an employer of a franchisee,

20

21

1	as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless any of the
2	following applies:
3	(1) The franchisor has agreed in writing to assume that role.
4	(2) The franchisor has been found by the department to have exercised a type
5	or degree of control over the franchisee or the franchisee's employees that is not
6	customarily exercised by a franchisor for the purpose of protecting the franchisor's
7	trademarks and brand.
8	SECTION 7. 111.3205 of the statutes is created to read:
9	111.3205 Franchisors excluded. For purposes of this subchapter, a
10	franchisor, as defined in 16 CFR 436.1 (k), is not considered to be an employer of a
11	franchisee, as defined in 16 CFR 436.1 (i), or of an employee of a franchisee, unless
12	any of the following applies:
13	(1) The franchisor has agreed in writing to assume that role.
14	(2) The franchisor has been found by the department to have exercised a type
15	or degree of control over the franchisee or the franchisee's employees that is not
16	customarily exercised by a franchisor for the purpose of protecting the franchisor's
17	trademarks and brand.
18	SECTION 8. Initial applicability.

(1) EXCLUSION OF FRANCHISORS AS EMPLOYERS. This act first applies to work

(END)

performed on the effective date of this subsection.