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February 26, 2026

TO: The Honorable Pamela Beidle
Chair, Finance Committee

FROM: Tiffany Clark
Director, Legislative Affairs, Office of the Attorney General

RE: Senate Bill 415 – Business Regulation - Maryland Franchise Registration and Disclosure Law - Alterations (Franchise Reform Act)(Support in Concept)

The Office of the Attorney General (OAG) supports in concept **Senate Bill 415 - Business Regulation – Maryland Franchise Registration and Disclosure Law – Alterations (Franchise Reform Act)**. SB 415 modernizes Maryland's Franchise Registration and Disclosure Law by extending enforcement and private action statutes of limitations, codifying a fast-track review program for franchise renewal applications, strengthening franchisee association protections, and requiring reporting on franchise registration efficiency.

This legislation directly supports OAG's efforts to protect franchisee investors through the Securities Division's administration of Maryland's franchise registration and disclosure requirements. Several of the bill's provisions represent meaningful improvements to the existing framework. The Securities Division supports extending the statute of limitations for both agency enforcement actions and private civil claims, which will enhance our ability to address franchise fraud and provide investors with a more meaningful window for relief. We also support the new provision protecting franchisees' rights to join and organize through franchisee associations, which plays an important role in ensuring franchisees can advocate for their interests.

We appreciate the intent of this legislation to modernize Maryland's franchise registration and disclosure framework and strengthen protections for franchisee investors. However, as currently structured, HB 730 would impose significant new administrative obligations on the Securities Division that cannot be met within our existing resources. ~~The bill would codify a new fast-track~~

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us.

review program and require the Securities Commissioner to create standards for reviewing incomplete franchise disclosure documents, track program data, and submit a comprehensive legislative report by September 30, 2031.

The Securities Division currently operates with only two Assistant Attorneys General and two franchise examiners. The Securities Division has an open vacancy for a third franchise examiner, and they hope to hire someone to fill that position. An extended statute of limitations, while beneficial, will generate additional enforcement actions. The bill would require the Securities Commissioner to report on the efficiency of the review of franchise disclosure documents, both under the fast-track review program and generally, including commentary periods, amendment periods, time for completion of submission, and review of those documents. In addition, the Securities Commissioner must include an analysis of whether and how the fast-track program maintains or enhances protections to prospective franchisees under the Maryland Franchise Law and whether the expedited review of franchisor registration applications under the fast-track program diminished the efficacy of the disclosure requirements and review standards. Finally, the Securities Commissioner also must identify in that report any franchisee protection benefits resulting from a more timely and efficient registration process.

The Securities Commissioner has estimated that full implementation of this bill would require, at a minimum, one additional Assistant Attorney General, one additional franchise examiner, and either an IT specialist or dedicated funding to build and maintain a new database.

Without these resources, enactment of SB 415 would shift the Securities Division's priorities away from its core investor protection mission and create compliance burdens the Division cannot meet. We appreciate the General Assembly's work on this important policy and welcome the opportunity to share our perspective. For the foregoing reasons, the Office of the Attorney General respectfully urges the Committee to give SB 415 a favorable report, contingent on the provision of the additional resources identified in the fiscal note accompanying the bill.

Cc: Members of the Committee