

NEWS & INSIGHTS

Maryland Franchise Reform Act brings significant changes to franchise registration, disclosure and franchisee association rights

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The Maryland Franchise Reform Act, Senate Bill 415/House Bill 730, represents one of the most significant overhauls of Maryland's franchise regulatory framework since the state's franchise registration and disclosure law was enacted

in 1981. Signed into law by Governor Wes Moore May 12, 2026, and effective October 1, 2026, the legislation seeks to balance two competing policy objectives: reducing regulatory burdens on franchisors while preserving, and in some cases strengthening, protections for franchisees.

Background: Maryland's Franchise Registration Framework

Maryland has long maintained one of the nation's more rigorous franchise registration processes. Franchisors seeking to sell franchises in the state must file a Franchise Disclosure Document (FDD), pay registration fees, and receive approval from the state's Securities Commissioner. Registrations must also be renewed annually. During periods when renewals are pending, franchisors may be unable to execute new franchise agreements, creating delays and uncertainty for expanding franchise systems.

These requirements were originally designed to protect prospective franchisees by ensuring transparency and adequate disclosure. However, industry stakeholders increasingly argued that the registration process had become cumbersome and out of step with modern franchising practices. Those concerns helped spur legislative efforts to reform the law.

Key Provisions of the Franchise Reform Act

1. Extension of the Franchise Fast Track Program

One of the Act's central features is the continuation of Maryland's [Franchise Fast Track Program](#), initially launched in 2025. The program is intended to accelerate the review and approval of franchise registration renewals by encouraging earlier submissions and streamlining administrative procedures.

2. Private Right of Action Limited to Maryland Franchisees

The Act clarifies that the Maryland Franchise Law's private right of action is available only to Maryland franchisees, thereby limiting the ability of out-of-state franchisees to invoke Maryland's franchise statute in disputes involving Maryland-based franchisors.

3. New "Free Association" Protection for Franchisees

For the first time, Maryland's franchise statute addresses an aspect of the ongoing franchise relationship by prohibiting franchisors from restricting or inhibiting Maryland franchisees from associating with other franchisees within the same brand "for any lawful purpose." This may include collective efforts to raise concerns or grievances with the franchisor for mutual benefit.

If a franchisor violates this prohibition, Maryland franchisees may sue in Maryland courts for injunctive relief and damages. This provision is similar to franchisee association protections adopted in other states, including California and Illinois.

4. Revised Limitations Period for Registration/Disclosure Claims

The Act also changes the time period for bringing private claims based on alleged violations of the statute's registration or disclosure requirements.

Previously, the limitations period was three years from the date the franchise rights were purchased, regardless of when the franchised business opened. Under the Act, franchisees may bring a claim until the earlier of:

- Four years from the date the franchise rights were purchased, or
- Two years after the franchise opens to the public.

Takeaways for Franchisors

For franchisors, the most immediate benefit may be a more efficient registration process. Faster renewals and modernized exemption standards could reduce administrative costs and facilitate expansion into Maryland markets. At the same time, franchisors will need to adapt to enhanced franchisee protections and revised enforcement timelines. The extension of liability periods and explicit protection of franchisee association rights may require updates to compliance programs, franchise agreements, and operational practices.

Takeaways for Franchisees

For franchisees, the legislation offers several meaningful safeguards. The right to associate with fellow franchise owners receives explicit statutory protection, and longer limitation periods may provide greater opportunity to pursue claims involving disclosure or registration violations. Additionally, the law preserves Maryland's core disclosure and registration requirements, ensuring continued regulatory oversight of franchise sales.

If you have any questions, please contact either of the co-chairs of the [Saxton & Stump Franchising, Licensing and Distribution Group](#), [Thomas Kent](#) or [Amanda Dempsey](#).

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