SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 4202

STATE OF NEW JERSEY

DATED: JUNE 8, 2026

The Senate Commerce Committee reports favorably Senate Bill No. 4202.

This bill establishes the "Hotel Franchisee Fairness and Market Access Act." Specifically, the bill aims to establish a more fair and transparent relationship between a hotel franchisor and a franchisee.

In the bill, a hotel franchisor cannot require a franchisee to purchase goods or services that are not directly related to the guest experience as a condition of entering into, renewing, extending, or continuing a franchise agreement, unless the franchisee provides prior written consent. A franchisee may also choose the source of non-guest facing goods or services, provided that the goods and services meet reasonable, operational standards. A hotel franchisor is not to impose penalties, fees, termination, or non-renewal for a franchisee's refusal to purchase goods or services.

Additionally, a hotel franchisor is to fully disclose to franchisees any rebate, commission, or fee received from vendors based on franchisee purchases. Any amounts attributable to a franchisee are to be returned through an itemized reduction in franchise fees or direct payment within 60 days. The required disclosures are to be provided annually and maintained for no less than five years.

Under the bill, a hotel franchisor is not to authorize a hotel of the same brand or chain scale within a franchisee's protected territory without written consent or reasonable compensation. Additionally, a franchisee is to be compensated for guest stays booked using loyalty points. The compensation is to be no less than the lowest publicly available room rate for the applicable room and dates or the published redemption value, whichever is greater. A hotel franchisor is also not to impose a material change to a franchise agreement through manuals, policies, or standards without franchisee consent, except where directly related to health or safety. Moreover, a hotel franchisor cannot require or attempt to require a franchisee to undertake a material capital expenditure, renovation, improvement, equipment replacement, or relocation unless certain circumstances arise.

A hotel franchisor also cannot, under the bill, (1) prohibit, restrict, penalize, or retaliate against a franchisee for listing or selling guest rooms through a legitimate third-party lodging

platform; or (2) impose or enforce any post-term restriction on the franchisee, or on any owner; officer; director; member; manager; partner; or employee of the franchisee, that prohibits or materially restricts the person, for more than six months after termination, cancellation, or non-renewal of the franchise agreement, from owning; operating; being employed by; providing services to; or participating in any lawful business or commercial activity.

Lastly, a franchisee may bring a civil action for violations of the bill and seek injunctive relief, damages, attorneys' fees, and costs. The Attorney General may enforce the provisions of the bill on behalf of the State.