

One Hundred Ninth Legislature - Second Session - 2026

Introducer's Statement of Intent

LB941

Chairperson: Senator Kathleen Kauth

Committee: Business and Labor

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 941 clarifies and reaffirms that franchisees are independent business owners and that franchisors are not employers of franchisees or their employees solely because they operate a franchise system. The bill establishes a clear, uniform standard across Nebraska's labor and employment laws under which a franchisor may be deemed an employer only when it exercises direct and immediate control over essential terms and conditions of employment, such as hiring, firing, discipline, supervision, wages, benefits, or work schedules. Routine franchise activities such as setting brand, quality, and operational standards do not constitute employment control.

Franchising plays a vital role in Nebraska's economy by supporting local entrepreneurship and job creation. Recent inconsistent interpretations of joint-employer liability have created uncertainty and increased litigation risk for franchisors and franchisees based on conduct inherent to the franchise model. This legislation is intended to restore predictability and consistency while preserving accountability when a franchisor truly controls employment decisions. It does not reduce worker protections or change substantive employment standards, but clarifies responsibility under state law, aligns Nebraska with other states' approaches, and supports continued investment, compliance support, and growth by locally owned franchise businesses.

Principal Introducer: _____

Senator Loren Lippincott