

June 8, 2022

The Honorable Frank Pallone
Chair
House Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cathy McMorris Rodgers
Ranking Member
House Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Pallone and Ranking Member McMorris Rodgers:

We, the undersigned organizations, which represent a broad swath of business and industries involved in franchising, have a strong desire to work constructively with you on policies that will promote business ownership and support economic growth. In particular, we are writing in support of the Federal Trade Commission's Franchise Rule.

The franchise business model, by which an established brand licenses its name, products and processes to an independent owner, has proven to be a resilient and mutually beneficial driver of economic opportunity for franchise owners, employees, and brands. Today, there are more than 775,000 franchise businesses which support over 8.2 million direct jobs and that comprise 3 percent of private sector GDP. Since 1978, the Franchise Rule has been the primary federal regulation governing the franchise sector. The Rule affords current and prospective franchise owners information they need to weigh the risks and benefits of a business investment by requiring franchisors to provide potential franchisees with a franchise disclosure document (FDD) containing 23 specific items of information about the offered franchise and the overall franchise system. This has led to successfully creating pathways to entrepreneurship for business owners of all backgrounds and enabled these owners to create wealth in communities across the nation. The Franchise Rule was last updated more than a decade ago following a consensus-based process that delivered clear guidelines for franchisors to follow and transparent information for prospective franchise owners before making an investment.

The FTC Franchise Rule has created a more efficient franchising system that has expanded opportunities for entrepreneurs and workers of all backgrounds. While franchisors and franchisees may have different perspectives on the Rule's individual items, we all support the Rule and encourage you to support the franchise model and the opportunities it presents.

Sincerely,

American Hotel & Lodging Association
American Staffing Association
Home Care Association of America
International Franchise Association
International Health Racquet and Sportsclub Association
International Sign Association
National Association of Convenience Stores
National Association of Realtors
National Association of Women Business Owners
National Council of Chain Restaurants
National Restaurant Association
National Retail Federation
Small Business & Entrepreneurship Council
U.S. Black Chambers, Inc.
U.S. Chamber of Commerce
Workplace Policy Institute

CC: Members of the U.S. House of Representatives