

September 18, 2025

The Honorable Kevin Hern  
171 Cannon House Office Building  
Washington, DC 20515

Dear Representative Hern,

On behalf of the undersigned organizations, representing a wide array of taxpayer, free market, and limited government advocates, we write to express our strong support for the American Franchise Act. This legislation protects the franchise business model by clarifying the joint employer standard, thereby providing certainty for small business owners and workers across the country. We are proud to endorse the American Franchise Act and encourage all members to co-sponsor this important bipartisan pro-taxpayer legislation.

The logic of franchising lies in its ability to scale proven business models through individual ownership, a framework that has become a significant force in the U.S. economy. According to a [report](#) by the U.S. Census Bureau, 498,234 franchise businesses provided jobs for 9.6 million workers and generated over \$1.7 trillion in annual sales. The ability of small business owners to license the branding and operational processes of franchisors while retaining control over their employees has enabled the creation of hundreds of thousands of small businesses across the country.

Running a franchise is one of the most reliable ways for everyday entrepreneurs to start and grow a business. Yet heavy-handed and inconsistent rules from Washington are putting that opportunity at risk. In recent years, the National Labor Relations Board (NLRB) has expanded what is called the “joint employer” standard. This change means that both the franchisor and the franchisee can be held responsible for the same workers. For local owners, that blurs the clear line of responsibility that has always made the franchise model work so well. Instead of having the freedom to make their own decisions about hiring, training, and running their day-to-day operations, franchisees are left facing legal uncertainty. That confusion doesn’t just weigh on business owners—it trickles down to employees too, who lose the stability and clarity that come with working for a locally-run business.

Facing the prospect of more lawsuits and regulatory burdens, franchises will either pull back or increase their involvement in the day-to-day operations of their franchisees, which, in turn, limits the productivity gains the franchise model has to offer. Meanwhile, workers at these businesses are left wondering about the chain of command. The 2015 standard issued by the NLRB [cost](#) franchise businesses over \$33 billion per year, resulted in 376,000 lost job opportunities, and led to 93% more lawsuits. If this amount of uncertainty isn’t bad enough, the whipsaw effect of different administrations issuing different rules in a partisan back and forth leaves small business owners unable to plan ahead.

The bipartisan American Franchise Act offers a solution to this problem by codifying a permanent and clear joint employer standard for franchises. In line with historical precedent, this legislation would clarify that a franchisor may be considered a joint employer of the employees of a franchisee only if the franchisor possesses and exercises “substantial direct and immediate control” over one or more essential terms of employment. This straightforward standard would provide the small business community with the clarity and predictability needed to comply with the law and plan for the future.

Small businesses are the backbone of Main Street, and this legislation helps protect them from Washington overreach. We are proud to support your proposal and look forward to working with you to help it become law.

Sincerely,

Pete Sepp, President  
National Taxpayers Union



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President  
National Taxpayers  
Union



James L. Martin  
Founder and Chairman  
60 Plus Association

American Association of Senior Citizens

Saulius “Saul” Anuzis  
President  
American Association  
of Senior Citizens



Brent Gardner  
Chief Government  
Affairs Officer and  
Senior Vice President  
Americans For  
Prosperity



Will Swaim  
Vice President  
California Policy Center



Ryan Ellis  
President  
Center for a Free  
Economy



Jeff Mazella  
President  
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Grant Callen  
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Patrice Onwuka  
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Alfredo Ortiz  
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Geoffery Lawrence  
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Paul Gessing  
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