



January 22, 2026

The Honorable Roger Williams
Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Williams and Ranking Member Velázquez,

On behalf of the National Restaurant Association and the more than one million restaurant and foodservice establishments we represent, thank you for holding today's hearing on the franchise business model and its role in supporting small businesses. The restaurant industry is the nation's second-largest private sector employer and is overwhelmingly comprised of small businesses, with nine in ten restaurants having fewer than 50 employees and seven in ten operating as single-unit establishments.

Franchising is a critical part of the restaurant ecosystem. It enables thousands of individuals, including first-time business owners, veterans, and immigrants, to become entrepreneurs and run their own businesses with the support of an established brand. For many in the restaurant industry, franchising is not just a business model. It is a path to ownership, wealth-building, and achieving the American Dream.

The model works because franchisees operate their businesses independently while adhering to brand standards that maintain consistency and meet customer expectations. However, the legal framework governing joint employer liability has shifted dramatically between administrations, creating a regulatory environment defined by uncertainty and risk that threatens the viability of the franchise business model. The now-vacated National Labor Relations Board's 2023 joint employer rule would have expanded liability to include indirect or reserved control, exposing franchisors to legal responsibility for workplaces they do not manage or oversee. This type of liability exposure could lead to changes that upend the franchise business model as we know it, eroding franchisee autonomy and wiping out the equity that individual restaurant owners have built in their businesses.

While a federal court struck down the 2023 rule and the NLRB subsequently withdrew its appeal, the threat remains, as joint employer standards continue to shift through agency action and litigation. Without a clear, consistent legal standard, regulatory whiplash will persist, making it difficult for franchisees to plan, invest, or grow with confidence. H.R. 5267, the American Franchise Act, led by Congressman Kevin Hern (R-OK-1), offers a needed solution. By codifying a commonsense joint employer standard based on direct and immediate control, the Act would provide long-overdue certainty for the restaurant industry and protect the independence that makes franchising work.

We urge members of the committee to support the American Franchise Act and stand ready to serve as a resource as you continue your work to strengthen America's small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "JH".

Jordan Heiliczer
Director of Labor and Workforce Policy
National Restaurant Association