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January 30, 2008

The Honorable Robert C. Schenck
Florida House of Representatives
1102 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

Dear Representative Schenck:

On behalf of the more than 100 industries that use franchising to expand their business and fuel entrepreneurship, I write to express concerns with your legislation, House Bill 517, dealing with franchise disputes. The International Franchise Association believes this legislation invades the right of private contract and may tarnish Florida's business-friendly reputation.

Franchising works by building local businesses in communities across the country. Franchising is not an industry; it is a very dynamic business strategy that has become an important method of business organization and job growth. Hundreds of thousands of people across the United States have opened their own small business by buying a franchise.

By way of background, IFA represents over 1,200 of America's best known brands, along with over 10,000 franchisees and 400 supplier members. America's more than 909,000 franchised businesses generate jobs for more than 21 million workers (more than 15% of the nation's private-sector employment) and account for \$2.3 trillion in annual economic activity. Florida alone has over 61,000 franchised businesses employing 728,000 workers with an annual economic output of \$56 billion.

Existing federal law requires the disclosure of substantial pre-sale information to investors, ensuring that they are aware of potential obligations to litigate outside Florida prior to entering into the franchise agreement. In particular, the Federal Trade Commission Franchise Rule requires prominent display of the provisions related to choice of law and venue on the cover page of the disclosure document. While the intent of this measure may be to protect Florida's small businesses, it will in fact harm many businesses that call Florida home. Franchise companies based in the state, such as Burger King, Ident-A-Kid, Signs Now, Baby Boot Camp, Val-Pak Direct Marketing and many more (see enclosure), will face substantial burdens if similar choice-of-venue laws were enacted elsewhere, following the Florida example.

IFA looks forward to working with you on ways to improve this legislation. In the meantime, please do not hesitate to contact me.

Sincerely,

M. Troy Flanagan
Director, Government Relations

Enclosure