



Franchising[™]
Building local businesses,
one opportunity at a time.

February 13, 2009

Dear Representative:

On behalf of the International Franchise Association (IFA), I am writing to share our comments on the conference report for H.R. 1, the American Recovery and Reinvestment Act (ARRA) of 2009. We are supportive of efforts to address our faltering economy and we appreciate the work of House and Senate lawmakers to create a package of enhancements to the Small Business Administration (SBA) loan guarantee program. We continue, however, to strongly urge Congress to devote more resources to small business programs and small business tax relief in order to ensure we can help the economy create new jobs.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 1,200 franchisor, 11,000 franchisee, and 600 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

Small businesses account for the majority of new job creation in this country, and Congress should be empowering them with more tools to lead the economy out of recession. We remain concerned that the money the American Recovery and Reinvestment Act devotes to small business lending activities is sharply lower than the job creation potential of the small business community. SBA data indicates that small businesses account for almost 50 percent of all jobs in the private sector, but only .08 percent of the pending measure is devoted to small business lending programs.

Furthermore, we are disappointed that the conferees failed to increase the SBA 7(a) loan guarantee limits by \$1 million. The 7(a) loan limits have long been out of date, and we viewed the increase in the limits as one of the most important elements of the Senate bill. We believe it is imperative that Congress devote substantially more resources to SBA lending programs and guarantees now, because these tools will result in job creation more quickly than other recovery and reinvestment initiatives. Small businesses account for the majority of new job creation in this country, and Congress should be empowering them with the tools to lead the economy out of recession.

Please do not hesitate to contact us with any questions or concerns. Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "David French". The signature is stylized and cursive.

David French
Vice President, Government Relations