



Franchising™

Building local businesses,
one opportunity at a time.

January 21, 2009

The Honorable Harry R. "Bob" Purkey
Virginia House of Delegates
Post Office Box 406
Richmond, Virginia 23218

Dear Delegate Purkey:

On behalf of the International Franchise Association and the more than 85 industries that use franchising to grow their businesses, I want to thank you for filing House Bill 2086 regarding the Retail Franchise Act. This bill will harmonize Virginia law with revised federal regulations, thereby helping to foster a better environment for business in the commonwealth.

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 10,000 franchisee, 1,200 franchisor 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. In Virginia alone, franchising directly employs 336,000 workers in 26,000 establishments.

After more than a decade of careful review, the Federal Trade Commission released a revised Franchise Rule in 2007 recognizing changes in the way franchise agreements are negotiated and enacted between franchisors and investors. Your legislation addresses some of the key differences between the state and federal rules, making the process of small business ownership more efficient for Virginia investors.

Again, IFA strongly supports your measure to modernize the franchise regulations in Virginia. When enacted, this bill will truly be a model for other states to follow in regulating franchising. Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Troy Flanagan", with a long horizontal flourish extending to the right.

M. Troy Flanagan
Director, Government Relations