



Tuesday, January 20, 2026

International Franchise Association

1201 New York Ave. NW, Suite 300A
Washington, DC 20005

Virginia General Assembly

House Labor and Commerce Subcommittee #1
House Committee Room A – 008

Chair Maldonado and Members of the Subcommittee:

On behalf of the International Franchise Association (IFA), which represents over 12,000 franchisees, franchisors, and suppliers nationwide, including thousands of small business owners across the Commonwealth, **we write to respectfully oppose House Bill 69 as written.**

Franchising is a cornerstone of Virginia’s economy and one of the most effective pathways to small business ownership. Today, **Virginia is a top ten state for franchise growth, with more than 24,000 local franchise locations supporting approximately 256,000 jobs and generating roughly \$26 billion in annual economic output.**¹ Franchise ownership has proven especially important for veterans, women, people of color, and first-time entrepreneurs seeking a proven model to achieve upward economic mobility.

While we appreciate the patron’s intent to protect small business owners, HB 69 as written would have the **unintended consequence of destabilizing the franchise model in Virginia.** As drafted, **the bill goes further than any other state by broadly prohibiting post-term non-compete provisions in franchise agreements and even restricting their use in settlement agreements, except where approved by a court.** These provisions are not merely contractual formalities; **they are essential tools that allow franchise systems to protect shared brand standards, training investments, and proprietary know-how that benefit all franchisees within a system.**

Eliminating reasonable post-term restrictions does not reduce conflict—it increases it. By limiting parties’ ability to resolve disputes through negotiated settlements, HB 69 would incentivize prolonged and costly litigation, draining resources from small business franchisees and delaying resolutions that could otherwise preserve local jobs and community-based businesses. This outcome is neither worker-friendly nor small business-friendly.

Importantly, **many franchisees themselves support narrowly tailored non-compete provisions to prevent former operators from using the franchise system’s confidential methods, marketing strategies, and customer relationships to unfairly compete in the same local market.** National guidance from state securities regulators recognizes that post-term non-competes can be appropriate when they are reasonable in scope, duration, and geography. HB 69, however, adopts a blanket approach that would make Virginia an outlier and discourage responsible franchise investment in the Commonwealth.


For these reasons, IFA respectfully requests that the subcommittee oppose HB 69 as written. That said, we want to be clear: **we are committed to working constructively with the bill’s sponsor and members of the General Assembly to ensure that any legislation in this area “does no harm” to Virginia’s booming franchise**

¹ International Franchise Association, 2025 Franchising Economic Outlook, FRANdata, 2025, <https://indd.adobe.com/view/41aaf895-c7f7-43ff-9004-9455305199f3>

sector. We believe Virginia can protect entrepreneurs and workers while preserving a balanced legal framework that supports franchising, innovation, and continued economic growth.

We look forward to engaging with you to develop a more narrowly tailored approach that maintains Virginia's position as one of the best states in the nation for franchise ownership and job creation.

Respectfully,

A handwritten signature in black ink, appearing to read 'MKAGEL', written over a light gray horizontal line.

Matthew W. Kagel
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