



# IFA26 evolve.



**iFA** INTERNATIONAL  
FRANCHISE  
ASSOCIATION

# IFA Government Relations

Executive Briefing on Politics and Policy



# Speakers

**Mary Kennedy Thompson** - CEO of BNI, IFA Chair

**Len MacPhee** - Shareholder, Polsinelli

**Mike Layman** - Chief Advocacy Officer, IFA

**Jeff Hanscom**- SVP, State and Local Government Relations, IFA

**Sarah Davies** - General Counsel, IFA

**Matthew Kagel** - Senior Director of State Government Relations, IFA

**Hanna Pelletier** - Senior Manager of Government Relations, IFA



# Session Roadmap

## 1. A Fireside Chat

- with Mike Layman, Mary Kennedy Thompson, and Len McPhee

## 2. Policy Briefing

- 2026 political landscape

## 3. Advocacy 101 Training

- How leaders engage effectively

# Reason for this Session: The Future of Franchising is Being Shaped Now

- The American Franchise Act is one of the most consequential policy moments in years.
- Decisions made now will shape:
  - How brands grow
  - How owners operate
  - How the franchise model is understood for the next generation
- This is about **legal clarity, business certainty, and long-term strength.**



# The Policy Problem: Joint Employer Uncertainty

- Expanding liability threatens franchise model
- Confuses brand/operator roles
- Suppresses investment and growth



# The Policy Solution: The American Franchise Act

- Restores long-standing joint employer clarity
- Preserves franchise business model
- Protects workers and entrepreneurs
- Bipartisan, pro-growth



# Is the Value of Franchising Resonating with Policymakers?

*A Fireside Chat with IFA  
Chair, Mary Kennedy  
Thompson*



# Fireside Chat Speakers



**Mike Layman**  
Chief Advocacy Officer  
IFA



**Mary Kennedy Thompson**  
CEO of BNI  
IFA Chair



**Len MacPhee**  
Shareholder  
Polsinelli

# The American Franchise Act

- **IFA's top federal priority:** the American Franchise Act (AFA) establishes clear joint employer standard protecting franchisors and franchisees.
- **Bipartisan sponsors:** Sens. Marshall (R-KS) and King (I-ME); Reps. Hern (R-OK) and Davis (D-NC).
- **Broad national support:**
  - 100+ business groups; endorsed by the bipartisan House Problem Solvers Caucus and American Compass.



# The American Franchise Act: Why Franchising Matters to Policymakers

## Franchising and the U.S. Economy

- \$550B GDP
- 830K establishments
- 9M jobs

## Franchising Creates Stronger Jobs

- Faster wage growth
- Higher benefit access
- Better retention

# The American Franchise Act Timeline

Introduced Sept 2025

- Bipartisan sponsorship momentum
- Key committees and chambers

2026 Pathway:

- Congressional movement
- Advocacy milestones
- What members should expect

# THE VALUE OF FRANCHISING

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# A Cornerstone of the U.S. Economy

- **This study describes the role franchising plays in the U.S. economy.**
- It features three workstreams: 1) a survey of nearly 3,000 franchisees, representing over 13,000 U.S. franchised establishments; 2) a literature review of major empirical evidence around franchising; and 3) an econometric analysis comparing franchises with non-franchise employers.

**Over 830,000  
franchise  
establishments  
nationwide**

**Nearly 9  
million direct  
jobs**

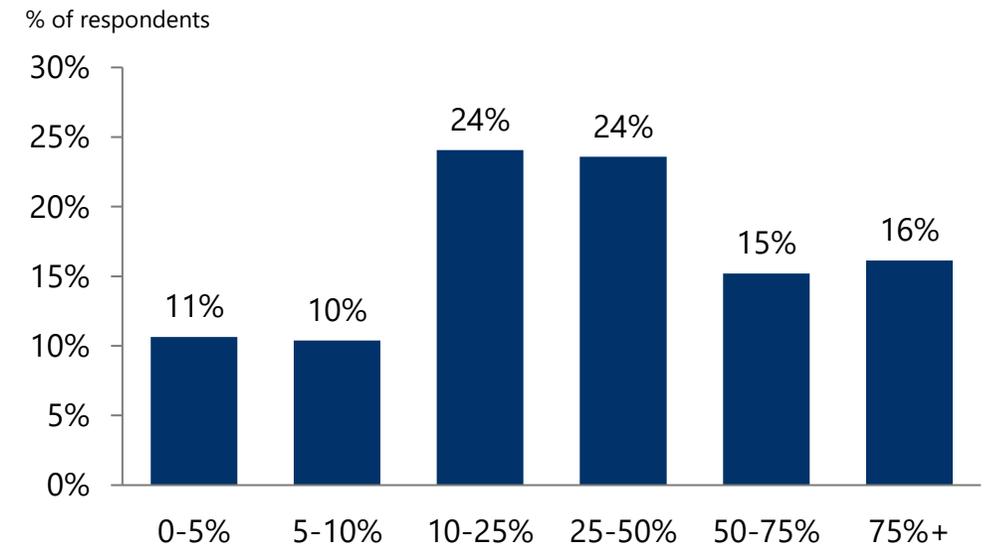
**\$550 billion  
in U.S. GDP  
generated**



# The Value of Franchising: Key Findings

1. Franchises are far more varied than they are often perceived to be.
2. Franchises drive stronger employee retention and faster career growth, while offering pay on par with comparable non-franchise small businesses. Working at a franchised business was associated with 3–7 percentage points higher likelihood of receiving key benefits compared with working at a non-franchised business.
3. Franchises create opportunity: 30% of respondents said they would not own a business if they were not franchisees.
4. Franchising plays an important role in supporting entrepreneurship for many underrepresented groups.
5. **Franchises support local economies and positively contribute to their communities.**
6. **Franchise businesses generate 1.4x revenue than non-franchise.**

Share of respondents by proportion of local supply chain



Source: franchise census

# Legal Outlook - 2026



## Federal Legal Engagement

- OSHA "Walkaround Rule"
- FTC's Non-Compete Rule
- FTC Negative Option ("Click to Cancel") Rule and
- FTC Unfair and Deceptive Fees ("Junk Fees") Rule
- Supreme Court Fair Labor Standards Act case
- Trafficking Victims Protection Reauthorization Act ("TVPRA") cases in circuit courts
- FTC Requests for Information on franchising

## State Legal Engagement

- Massachusetts Superior Court case on "ABC test" for independent contractor status
- Texas Supreme Court case on brand controls
- Pennsylvania appellate court case on brand controls

# Federal Outlook - 2026



# Federal Government Relations Landscape

- **Joint Employer – American Franchise Act (AFA)**
  - BIGGEST Federal push in 2026!
- **Taxes – One Big Beautiful Bill Act**
  - Law included enhanced provisions on 199A Deduction, Estate Tax, Bonus Depreciation, Business Interest Deduction, WOTC, No Tax on Tips guidance is forthcoming
- **Improving Franchise Disclosure**
- **Small Business Deregulation**



# Tax Policy

## IFA secured several franchisor/franchisee wins in the One Big Beautiful Bill Act -

- 199A Deduction: Made permanent, raised from 20% to 23%
- Estate Tax: Exemption made permanent, increased to \$15M/\$30M, indexed
- Bonus Depreciation: 100% expensing restored for qualified property (2025–2029)
- Business Interest Deduction: Adjusted to use EBITDA instead of EBIT (2025–2029)
- No Tax on Tips: Deduction allowed (2025–2028)
- No Tax on Overtime: Above-the-line deduction (2025–2028)

# Work Opportunity Tax Credit



**The Work Opportunity Tax Credit (WOTC) : federal business tax credit that employers can claim when they hire workers from certain targeted groups**

Example: Veterans, ex-felons, long-term unemployed, and recipients of certain public assistance

**The WOTC was not included in the 2025 tax law - lapsed on January 1, 2026**



**The WOTC has bipartisan support + possibility Congress will consider IFA-supported legislation**

The Improve and Enhance the Work Opportunity Tax Credit Act, (S.3265/H.R.6231) to extend the credit for several more years

# SBA Lending

- The February 2nd Announcement: U.S. Small Business Administration (SBA) will make businesses owned fully or partially by green card holders ineligible for SBA loans, effective March 1, 2026.
- Applies to all new loan applications submitted on or after the effective date.
- Expected to disrupt in-process financing transactions.
- Franchisees account for 21% of 7(a) loan dollars and 14% of 504 loan dollars.



# State Outlook - 2026

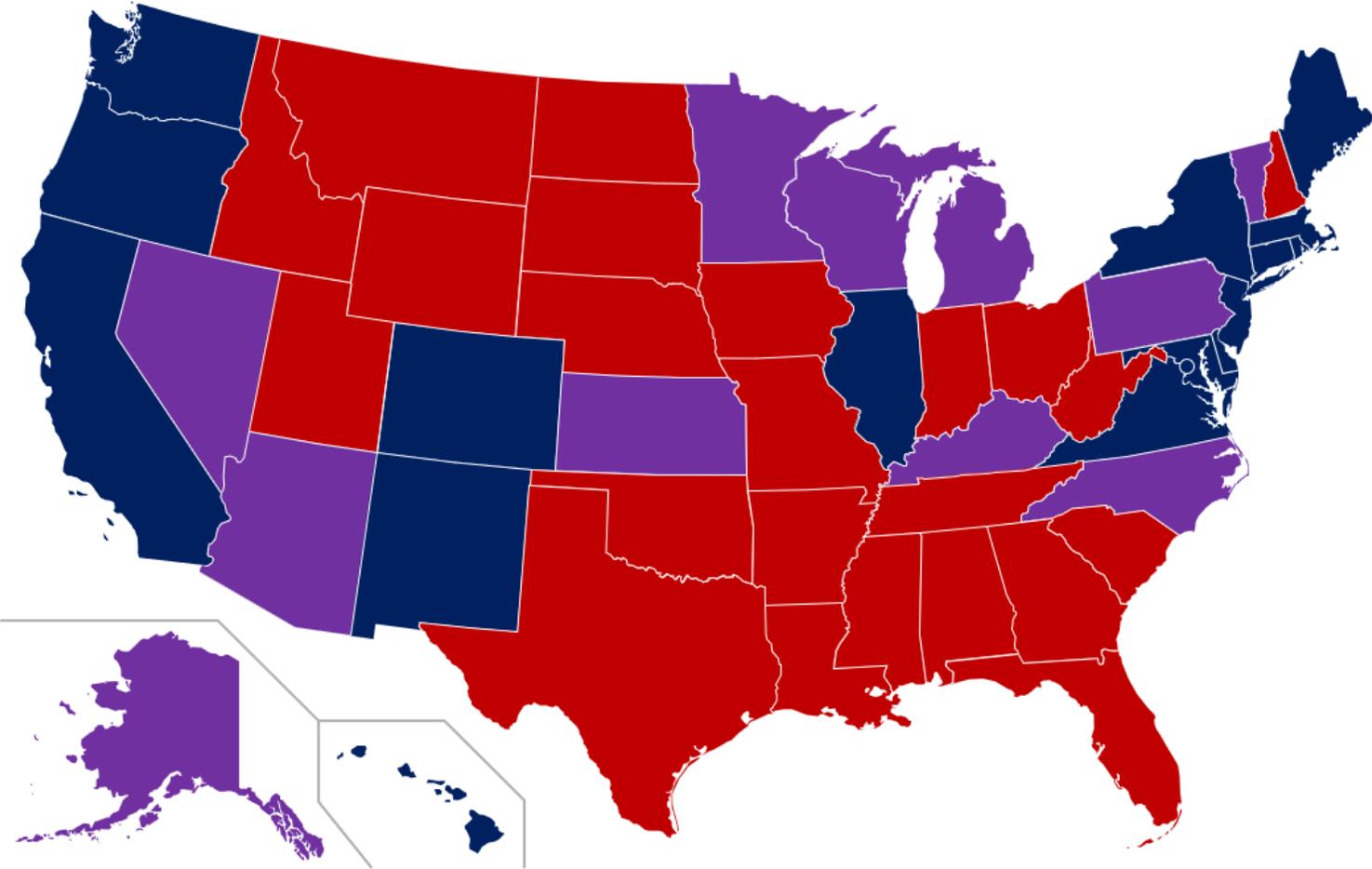


## 2025 IFA State Impact

- Legislation in 11 States
- Ballot Measures in Olympia and Tacoma, Washington
- Local Ordinance lobbying efforts in Los Angeles and Santa Clara County, California
- State governance impacts in California

# 2026 "Trifecta" States

- Republican Trifecta (23)
- Democratic Trifecta (16)
- Split Government (11)



## Good Joint Employer

- Nebraska
- Missouri
- South Carolina

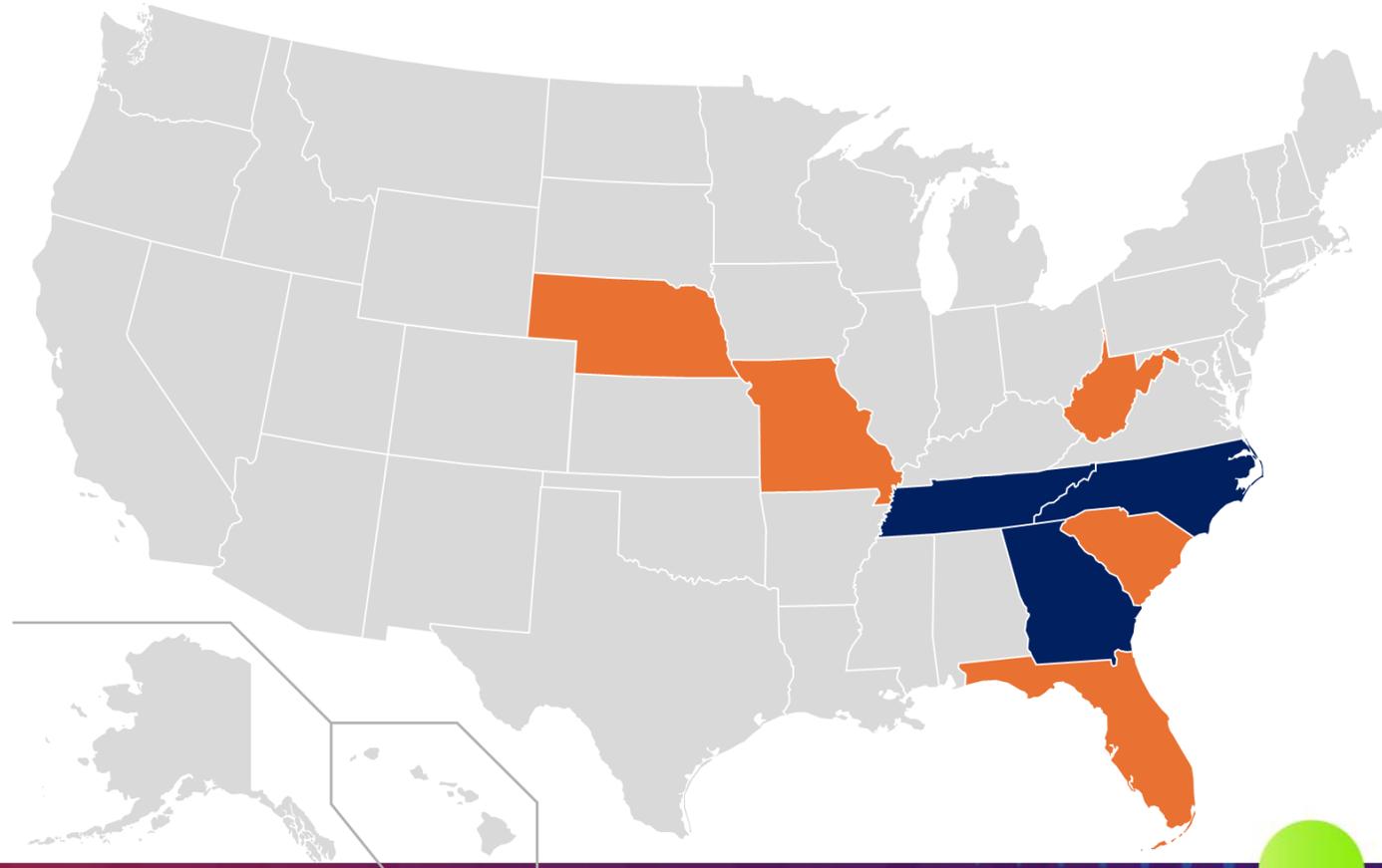
## Franchise Relationships/Contracts

- Washington: Joint Employer
- Alabama: Hours of Operation
- Vermont: Franchise Registration
- Virginia: Predictive Scheduling

# Joint Employer Shield Laws

*IFA supports clear joint employment, independent contractor, liability, and control standards codified into state law to ensure business certainty for franchisees and influence on a similar Federal effort.*

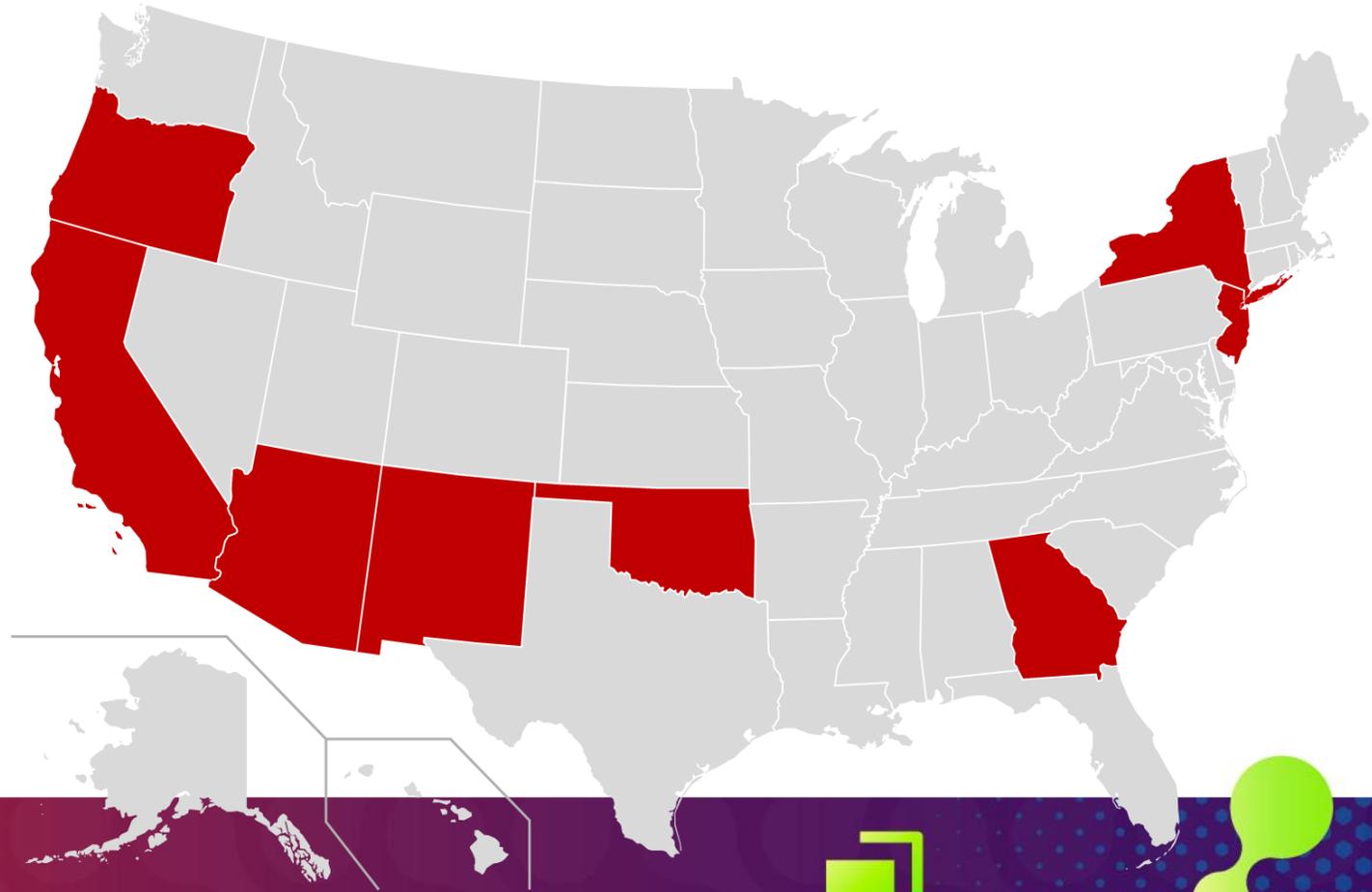
- New JE Bills
- Amended JE Bills



# Freedom of Contract

*Ambiguous and overly broad legislation that is counterproductive to its purported intent—to protect franchisees—by restricting franchise systems from innovating and adapting in response to changing consumer preferences and market conditions in the way their non-franchised counterparts can, thereby squeezing franchised businesses out of their industries.*

**Other states of concern?**



## Other

- Maryland: Registration
- Virginia: Post-Term Non-Competes

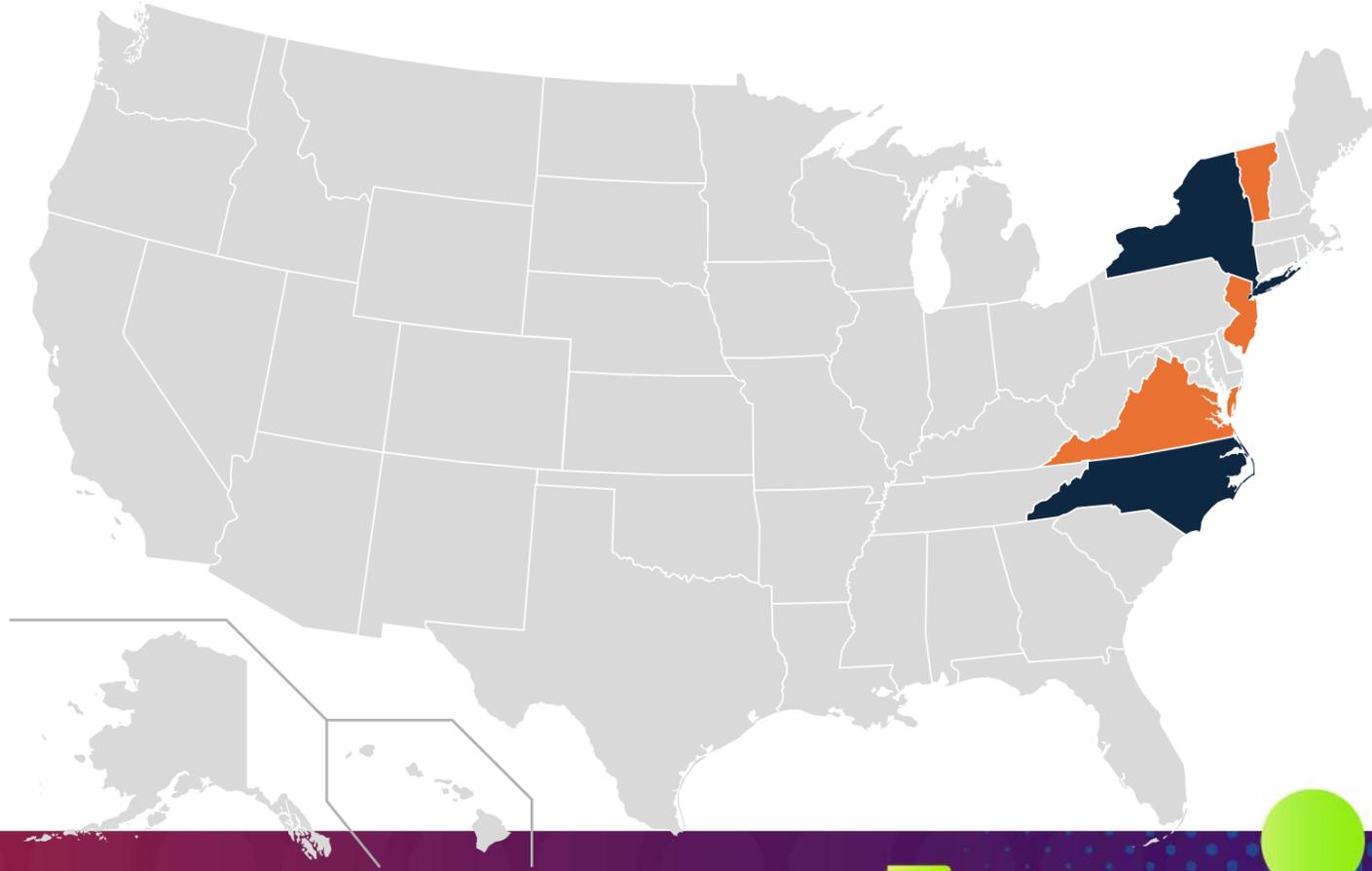
## Ongoing Activity

- EPR Working Group
- Franchising 101 Events

# Non-Compete Agreements

*IFA supports non-compete clauses that are reasonable and narrowly tailored to protect the interests of all stakeholders—the brand, existing franchisees and former franchisees.*

- Introduced/Expected
- Monitoring



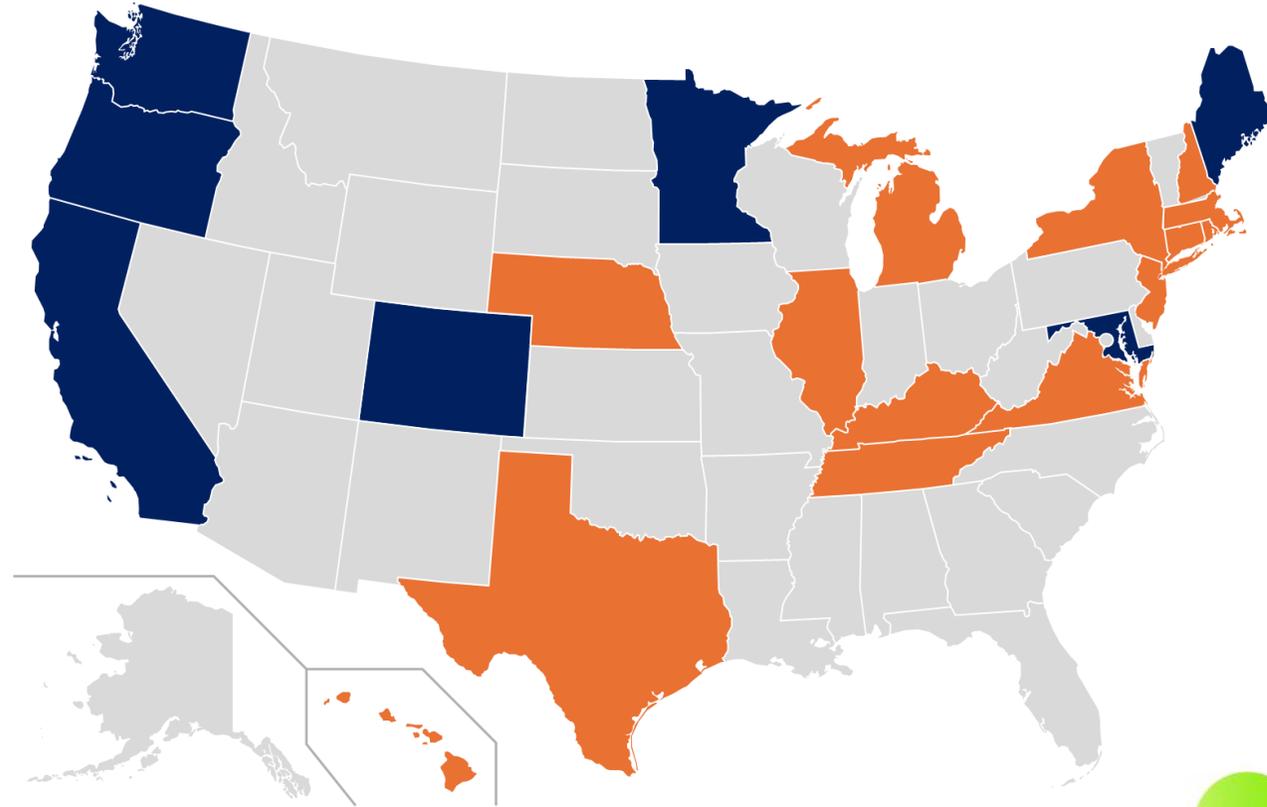
# EPR

*Franchises are wrongly treated as “producers” under EPR despite lacking packaging data, control over packaging design, or the ability to separate packaging volumes—responsibilities that fit upstream manufacturers and suppliers. Applying EPR to franchise systems adds opaque complexity that drives up administrative and operational costs while diverting money away from waste recovery infrastructure.*

■ Introduced/Expected

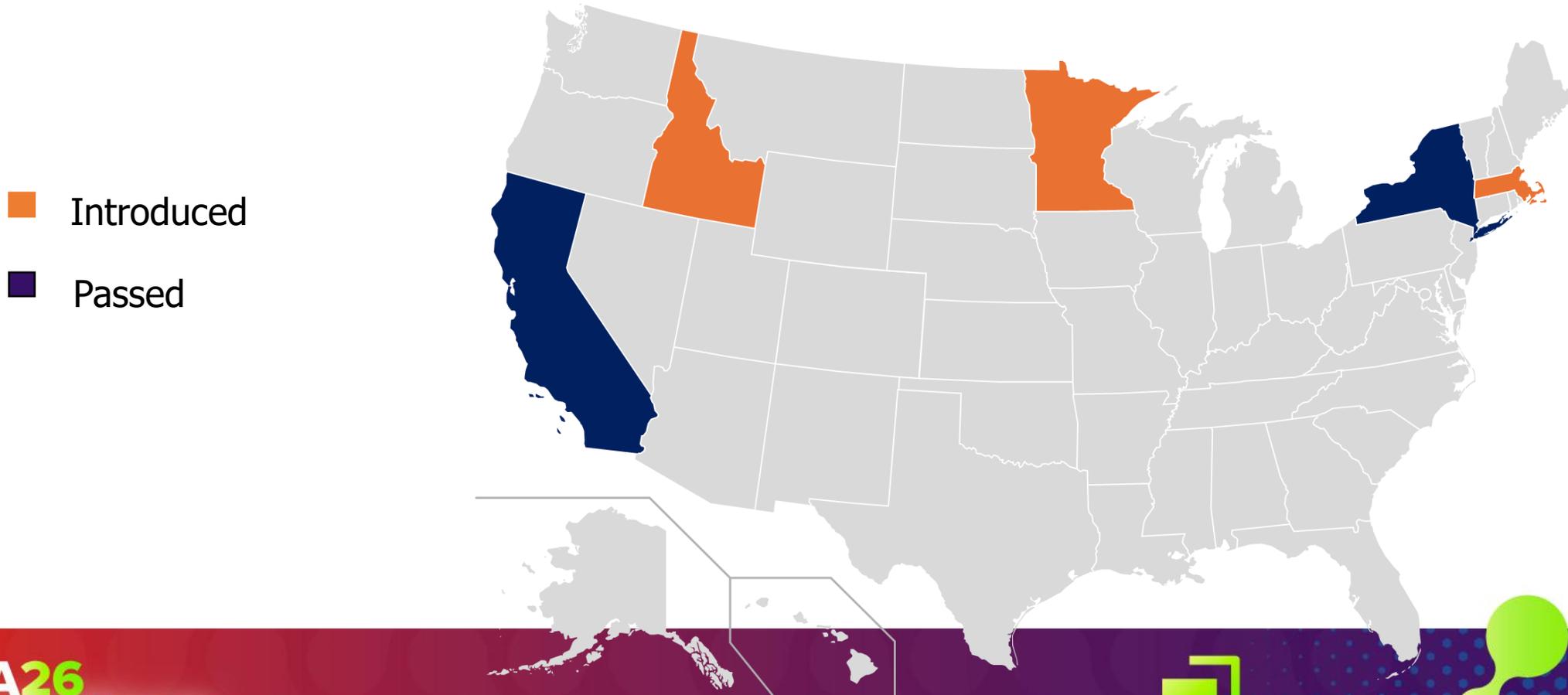
■ Enacted

- Engage on introduced legislation
- Amend enacted legislation



# Anti-Trust Legislation

*State-level antitrust legislation significantly deviates from established federal antitrust law. These bills introduce vague "abuse of dominant position" standards and unreasonably low market dominance thresholds, potentially penalizing pro-consumer actions and common business practices beneficial to consumers and franchise systems.*



# Advocacy 101 Training



Government Relations serves to **Protect, Enhance** and **Promote** franchising

What *We* Do:

- Defend the business model against federal and state regulatory threats.
- Proactively educate policymakers and the public on its hidden, empowering benefits.



## 2025 IFA Advocacy Summit:

- 310 IFA attendees
- 255 meetings

## Advocacy Stats:

- 6 In-State Meetings with key AFA Offices
- 4 Op-eds in key AFA States
- 1650 FAN letters on Tax Reform
- Kick off FAN campaign on AFA
- 8 issues of Focus on Franchising

## Coalition to Save Local Businesses:

- Raised nearly \$2 million for campaign to support all advocacy efforts
  - – Over \$50,000 from FASTSIGNS owners
- Launched advertising and field campaign to secure sponsors in target states
- Recruited more than 100 national and local trade partners to the effort

## Political Support:

- Over \$600,000 raised for FranPAC in 2025
- 65% GOP/35% DEM split

# Corporate Advocacy Champion: Express Employment



- Oklahoma based franchise brand
- Retains lobbyist in Oklahoma for state issues
- Gives political money in Oklahoma to key legislators
- CEO knows the OK Governor and all legislative leadership
- Retains lobbyist in Washington, DC for federal issues
- Express Employment has their own Political Action Committee that their corporate employees and franchise owners give to create relationships with members of Congress

# Personal Advocacy Champion: Catherine Monson



- CEO, Propelled Brands
- Has given to IFA's FranPAC for 15 years
- Understood the need to create bipartisan relationships for legislative success
- With the help of IFA, cultivated strong relationships with Sens. Joe Manchin (D-WV) & Kyrsten Sinema (I-AZ) and held large fundraisers for both at her home
- Texting/cell phone relationships with both Senators

# What is the Franchise Action Network (FAN)?



The Federal Trade Commission (FTC) continues to scrutinize franchising. The FTC is again seeking responses to the Request for Information (RFI) about franchisor practices and key provisions of franchise agreements it issued last year.

**With the threat of new franchising regulations looming, we are asking for your help to ensure the FTC receives an accurate picture of the current state of franchising in the United States.**

#### BACKGROUND

The FTC regulates the franchise sales process under the Franchise Rule which requires franchisors to provide certain disclosures to prospective franchisees. Last year, the FTC issued an RFI soliciting information, about the relationship between franchisors and franchisees, citing its "growing concern around unfair and deceptive practices in the franchise industry." The nature of the RFI's questions made plain that the FTC was not an objective and sincere fact-finding mission, but rather the Commission appeared to be seeking justification for new regulation of the franchise relationship. Without explanation, the FTC recently announced a second opportunity to respond to the RFI.

We need your input to ensure the FTC follows its required rulemaking process and considers the impact to small businesses in creating new rules.

#### WHAT CAN YOU DO?

Click the button to submit and write a response to the FTC with just one click! Responses are due tomorrow, October 10, 2024.



Your advocacy here will help ensure the FTC protects this incredibly productive business model.

Sincerely,

Mike Layman  
Senior Vice President  
Government Relations & Public Affairs  
International Franchise Association



# What is FranPAC?



- IFA's Federal Political Action Committee
- Creates an opportunity for IFA to provide financial support to candidates for federal office
- Raises voluntary personal contributions from IFA members
- Up to \$5,000 per calendar year
- Tool to educate members of Congress on both sides of the aisle about issues that impact franchising
- 2025 Giving: 65% Republican, 35% Democrat



# What is the CSLB?



**COALITION TO SAVE  
LOCAL BUSINESSES**

- IFA's c4 entity for issue education and advocacy
- Running the campaign to pass the American Franchise Act along with a host of brands and other associations

 Save Local Businesses  
October 3 at 10:15 AM · 🌐

Franchises are small businesses. The American Franchise Act protects them.



**STAND WITH  
SMALL  
BUSINESS!**

 COALITION TO SAVE  
LOCAL BUSINESSES

SAVELOCALBUSINESSES.COM  
Support Maine's small businesses. [Learn more](#)



**LOCAL  
BUSINESSES  
ARE OUR  
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THE AMERICAN  
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PROTECTS THEM.

 COALITION TO SAVE  
LOCAL BUSINESSES

**IFA26  
evolve.**



# What Makes Advocacy Credible

- Local voices
- Real operators
- Consistent engagement
- Business framing, not trade association framing



# What Effective Leadership Engagement Looks Like

- Responding to FAN alerts
- Meet lawmakers in-district
- Host site visits
- Engage franchisees
- Support political efforts

Dear Anna,

In 2017, Congress passed the Tax Cuts and Jobs Act (TCJA) that included important provisions for franchise businesses including the creation of Section 199A deduction that provides pass-through businesses with a 20% deduction for qualified business income. **The U.S. House and U.S. Senate recently reintroduced their Main Street Tax Certainty Act, legislation to make permanent the Section 199A deduction.**

The TCJA also allowed businesses to immediately write off 100% of the cost of capital investments in qualified property placed in service after September 27, 2017, and before January 1, 2023, after which the additional depreciation allowance phases down before fully expiring in 2026.

In addition, debt financing has played an important role in franchising to support capital investments, growth, and job creation across all industries. **Unless Congress acts, these provisions will not be available beyond 2025.**

## Support NASAA's Efforts on Franchise Disclosure - Comments Due This Week!

The North American Securities Administrators Association (NASAA) published its [Model Broker Registration Act](#) on May 13, 2024 that proposes registration and disclosure requirements for franchise sellers, including brokers, franchise sales organizations, and others engaged in the offer or sale of a franchise for which consideration is promised. NASAA requested public comments to its Model Broker Registration Act be submitted by June 13, 2024.

IFA supports this move by NASAA to increase transparency in the franchise sales process consistent with IFA's [Responsible Franchising](#) principles and the [Third Party Franchise Seller Registration and Disclosure Bill](#) introduced in California with IFA support earlier this year. IFA encourages you to voice support for NASAA's efforts to improve the franchise sales disclosure process by submitting their own comment or the prepared statement below:

Make your voice heard!

Submit Comments in Support

# What *We* Need From *You*

- Engage on AFA
- Activate your franchisees
- Participate in key moments of engagement
- Partner with IFA GR team



# Contact Your Lawmaker

