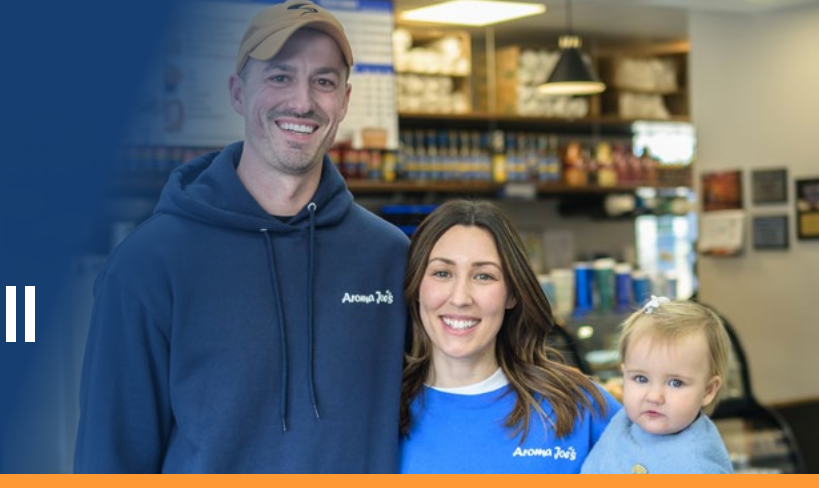
COALITION TO SAVE LOCAL BUSINESSES

Protect America's Small Businesses This Year



Summary: As we look to the lame duck session, there is a unique and urgent opportunity to provide long-overdue certainty to 832,000 small businesses across the country by including the bipartisan American Franchise Act (AFA) in any "must-pass" legislative vehicle, prior to the 119th Congress' adjournment. The uncertainty franchises have faced for over a decade hurts workers, small business owners, and their brands by making it harder for franchisors to support their franchisees, for franchisees to support their employees through group health plans, retirement benefits, shared training programs and tuition support, and for brands to continue offering small business ownership opportunities to aspiring entrepreneurs.

THE SOLUTION: The American Franchise Act is one of the most bipartisan labor bills in modern history. It was born of an alliance between franchisor brands and small independent franchisee business owners, and enjoys broad support in the House, the Senate, and the White House:

- H.R. 5267 has 158 cosponsors, including 17 Democrats, after it was marked up on July 21, 2026.
- S. 3525 has 11 cosponsors, including lead cosponsor Sen. Angus King (I-ME).
- Support from the White House announced September 15, 2026.
- Support from major business groups – more than 100 national and state business groups and 20 free-market advocacy groups.
- Endorsed by the House Problem Solvers Caucus.
- Misleading AFL-CIO, SEIU and UNITE HERE arguments against the bill refuted – The Coalition of Franchisee Associations sent a detailed letter debunking all of the misinformation and urging the groups to learn more about the franchise model.

The AFA is narrow and targeted. The AFA would amend the Fair Labor Standards Act and the National Labor Relations Act to codify the NLRB's long-standing pre-2015 joint employer standard exclusively for franchisors and franchisees while also clarifying when the franchisor should be held accountable. The certainty of the joint employer standard affects the local economic success of:

- ☑ More than 832,000 franchise small businesses
- ☑ 8.8 million jobs
- ☑ $907 billion in annual economic output
- ☑ Access to the American Dream for the 64% of franchisees that are first-time business owners, and
- ☑ Countless local charities, sports teams, and other organizations that rely on generous contributions from the 85% of franchise owners that live in the communities they serve.

The cost of inaction is too high. The NLRB's continuous changing of the joint employer standard has occurred 5 times in the past 11 years. When the joint employer standard has been expanded, as it was in the NLRB's 2015 *Browning-Ferris* decision, there was severe harm brought to franchisors, franchisees, and their workers including:

- ☒ 93% increase in litigation against franchises from 2015 - 2017.
- ☒ 376,000 lost job opportunities nationwide.
- ☒ $33.3 billion in lost economic output each year 2015 - 2017.

URGENCY: The SEIU seeks to destroy the franchise model and is challenging the NLRB's 2020 joint employer rule at the DC Circuit Court, which may rule on the lawsuit in late 2026. The SEIU continues to push for a return to the joint employer rule based on an unpredictable and harmful "indirect" and "reserved control", standard that would leave franchises hanging in the balance.

ASK

Congress **must act this year to protect small businesses** and their workers by establishing a narrow and targeted permanent definition for the NLRB's joint employer standard for the franchise model only. Due to its strong bipartisan, bicameral support, the American Franchise Act is ripe for inclusion in any "must-pass" legislative vehicle during the lame duck session.