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January 22, 2026

The Honorable Roger Williams
Chairman
House Small Business Committee
2361 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Nydia Velazquez
Ranking Member
House Small Business Committee
2069 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Williams and Ranking Member Velazquez,

On behalf of NFIB, the nation's leading small business advocacy organization, I write regarding the hearing entitled, "Local Ownership, National Brands: How Franchising is a Pathway to Entrepreneurship." NFIB represents nearly 300,000 small businesses nationwide, including independent franchises, and we appreciate the opportunity to discuss ways Congress can protect against threats to the franchise model.

The franchise model is a proven way for Americans to enter entrepreneurship, own their own business, and contribute to the American economy. In fact, a recent report shows there are over 830,000 franchise establishments in the United States that created 8.8 million jobs, and most of these franchises are independent small businesses.¹ Like most small businesses, franchises have faced growing threats and uncertainty due to policies proposed or enacted by lawmakers in Washington, D.C.

In 2023, the National Labor Relations Board issued an updated Joint Employer Rule that significantly expanded the federal government's definition of a joint employer. Under this rule, the longstanding definition of joint employment expanded from direct and immediate control over employees to direct or indirect control. Accordingly, independent franchise owners would have been stripped of control of their workforce and made de facto managers of a local branch instead of an independent small business owner. NFIB strongly opposed the 2023 Joint Employer Rule and thankfully, a district court struck down the rule.²

¹ Oxford Economics, The Value of Franchising, January 2026, https://www.franchise.org/wp-content/uploads/2026/01/IFA_ValueOfFranchisingFINAL.pdf.

² National Federation of Independent Business, *NFIB Statement on NLRB's New Standard for Determining Joint-Employer Status*, October 26, 2023, <https://www.nfib.com/news/press-release/nfib-statement-on-nlrbs-new-standard-for-determining-joint-employer-status/>.

Congress can provide a long-term fix to this issue by passing H.R. 4366 the *Save Local Business Act* or H.R. 5267 the *American Franchise Act*. H.R. 4366 would protect independent franchises and subcontractors by preventing a future detrimental joint employer rule, while H.R. 5267 would only protect franchises. Specifically, these pieces of legislation codify the traditional definition of joint employment into law by ensuring only two employers who exercise direct and immediate control over employees can be deemed joint employers. While H.R. 5267 has garnered bipartisan support, it takes a narrower approach by enshrining the traditional definition of joint employment for franchises only, but leaves contractors and subcontractors out, leaving these businesses threatened by a future burdensome joint employer rulemaking. It is critical that Congress provide long-term relief for all small businesses through H.R. 4366, the *Save Local Business Act*.

In promulgating the 2023 Joint Employer Rule, the NLRB side-stepped Regulatory Flexibility Act (RFA) requirements by significantly underestimating compliance costs for small businesses and failing to minimize impacts on small businesses.³ Unfortunately, this is one of many examples of agencies disregarding the requirements of the RFA and saddling small businesses with massive new regulatory compliance costs and red tape.

To prevent abuses like the 2023 joint employer rule in the future, Congress should strengthen the RFA through legislation such as H.R. 1163, the *Prove It Act of 2025*. This legislation would close loopholes in the RFA that regulatory agencies have exploited to saddle small businesses with crippling regulatory compliance costs and red tape. These regulatory hurdles are a barrier to entry for aspiring entrepreneurs and act like a weight preventing small businesses from growing and reinvesting. H.R. 1163 would ensure the Congressional intent of the RFA is fulfilled and ensure agencies are fully considering the impact of regulations on small businesses.

Unfortunately, independent franchises are facing several other major threats. NFIB's recent white paper entitled, "Direct Assault on Main Street: Looming Labor Threats That Could Decimate Small Businesses and Their Workforce," explores policy proposals that would have devastating affects to small businesses, including franchises, by increasing government control over daily business operations, imposing new burdensome labor and employment mandates, and raising costs for hiring and keeping qualified employees.⁴

Specifically, H.R. 20, the *Richard L. Trumka Protecting the Right to Organize (PRO) Act* is a radical piece of legislation that would dramatically upend long-standing labor and employment law in favor of labor unions at the expense of small businesses and their workers. The *PRO Act* includes numerous

³ Major L. Clark, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, Comment Letter to the National Labor Relations Board's Joint Employer Rule, November 29, 2023, <https://advocacy.sba.gov/wp-content/uploads/2022/11/Comment-LetterNLRB-Joint-Employer-Rule-508c.pdf>.

⁴ National Federation of Independent Business, *Direct Assault on Main Street: Looming Labor Threats That Could Decimate Small Businesses and Their Workforce*, September 2025, <https://www.nfib.com/wp-content/uploads/2025/09/NFIB-2025-Labor-Policy-White-Paper.pdf>.

policies that would devastate franchise small businesses including legalizing secondary boycotts, requiring employers to provide personal contact information for employees to union organizers, codifying the National Labor Relations Board's (NLRB's) expansive Browning-Ferris Industries joint-employer standard, abolishing state "Right-to-Work" laws, and banning so-called "captive audience" meetings. Small businesses have long opposed the policies included in the *PRO Act*.⁵

Additionally, minimum wage hikes are also a significant threat to franchises. H.R. 2743, the *Raise the Wage Act* would immediately increase the federal minimum wage by 30% and dramatically increase the federal minimum wage to \$17 per hour by 2020. Only 1 state has their minimum wage at or above \$17 per hour, meaning this would dramatically increase labor costs for small businesses in 49 states.⁶ In fact, NFIB's research shows a grim economic reality if Congress raises the minimum wage to \$15 per hour. This policy change would result in 1.3 million lost jobs in the United States, with small businesses bearing most of these job losses.⁷ That massive job destruction does not account for the additional lost jobs from indexing the minimum wage to inflation or for the additional \$2 per hour the *Raise the Wage Act* would mandate.

Another destructive policy for small businesses is the Occupational Safety and Health Administration's proposed Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings rule, or OSHA Heat Standard. The OSHA Heat Standard is a direct threat to many franchise businesses. The rule, if finalized, would implement new one-size-fits-all mandates and place a significant new compliance burden on small businesses across the country. Specifically, the proposed Heat Standard would add burdensome training and paperwork requirements and mandate a paid 15-minute break for every two hours of work. Congress should eliminate the threat of the proposed OSHA Heat Standard by enacting H.R. 6213 the *Heat Workforce Standards Act*, which would stop the rule from being finalized and prevent future administrations from pursuing a similar rule.

The most important thing Congress can do to protect small independent franchises is provide certainty regarding the Beneficial Ownership Information (BOI) reporting requirement. Under this unconstitutional mandate, small businesses, including some franchises, with 20 or fewer employees and 5 million in revenue or less are mandated to file their BOI or face enormous fines and up to two years in federal prison. Congress must enact H.R. 425, the *Repealing Big Brother Overreach Act* to repeal this costly, unnecessary mandate. Congress can also codify the Trump Administration's interim final rule exempting American businesses from the reporting requirement and destroy the BOI of small businesses who already filed with FinCEN. If Congress fails to act, a future

⁵ Dylan Rosnick, *Small Businesses Oppose Big Labor's PRO Act*, March 2025, <https://www.nfib.com/wp-content/uploads/2025/03/Final-Letter-of-Opposition-to-the-PRO-Act-senate.pdf>.

⁶ National Conference of State Legislatures, *State Minimum Wages*, January 5, 2026, <https://www.ncsl.org/labor-and-employment/state-minimum-wages>.

⁷ NFIB, Small Business Survival, <https://assets.nfib.com/nfibcom/Minimum-Wage-Pizza-Parlor-Infographic-06-03-2021-FINAL.pdf>.

Administration will reimpose this burdensome and intrusive mandate for 32 million small businesses.

NFIB appreciates your leadership to reduce onerous regulatory compliance costs and red tape for small businesses. We look forward to working with you to protect small businesses from federal government overregulation and government intrusion during the 119th Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Dylan Rosnick".

Dylan Rosnick
Principal, Federal Government Relations
NFIB