

**Ohio HB 494 Testimony**  
**House Government Accountability & Oversight Committee Hearing**  
**March 13, 2018**  
**Proponent Testimony – Clara Osterhage**

Good afternoon Chairman Blessing and members of the Committee, my name is Clara Osterhage and I am the owner of 72 Great Clips salons, 62 of which are spread across the great state of Ohio. I am here to express our support for House Bill 494. This legislation will go a long way in securing Ohio's friendly business climate to franchising, a vital part of Ohio's and the nation's economy.

I began my franchising journey in 1995 and have since grown to my current number of establishments over the last number of years. We employ nearly 600 people in Ohio. My franchise provided hair cutting services to over 2,000,000 customers last year. We are committed to providing the highest quality care and services custom tailored to each customer's needs and we take great pride in delivering a quality experience to each customer who comes through our doors throughout the state.

I am here today to ask for your support of HB 494, which would clarify that franchise small business owners are not employees of their franchisor. Franchising is a popular way of owning a small business while leveraging the strengths of national brands to build local economic activity and create jobs, and we feel that this legislation would better allow franchise owners to do just that.

Franchisees are widely understood to not be employees, since they independently operate their business on a day-to-day basis. Just like any business owner, I am responsible for all hiring decisions, performance reviews, disciplinary processes with employees, administration of all mandated programs to include Workers Comp, Unemployment, and the Affordable Care Act. I process payroll for over 700 individuals on a weekly basis. I buy the materials to build our salons, and I hire other local companies to do the work. I buy all products and services that are needed to meet the everyday needs of my salons and my employees. Franchisors, on the other hand, provide support to franchisees only so that they can protect the brand that all franchisees operate under.

However, in some instances, there has been confusion leading to franchisees being considered employees. As a result, many business owners may be denied small business loans or be subject to any number of negative impacts of being considered an employee, the most important being that they will not be considered to be owners of their own small businesses. HB 494 is simply an effort to clarify existing Ohio law and ensure franchisees are not considered to be employees of their franchisor.

As representatives of franchisees throughout Ohio, we urge you to support this legislation to clarify the independent status of franchise owners. We cannot allow ourselves and other small business owners to face legal uncertainty, which only hurts their operations and the overall success of the Ohio economy.

Thank you very much for your time, and I would be happy to answer any questions you may have.