



March 13<sup>th</sup> 2018

Chairman Louis W. Blessing III  
Government Accountability and Oversight  
77 S. High Street  
13<sup>th</sup> Floor  
Columbus, OH 43215

Chairman Blessing:

The Ohio Restaurant Association is the leading trade association representing Ohio's restaurant industry, the state's third-largest, private sector employer generating \$20.9 billion in sales, more than \$1.5 billion in sales taxes annually, and employing nearly 575,000 Ohioans at 22,023 locations. Foodservice is one of the growing economic engines in the state of Ohio.

The purpose of this letter is to encourage support for HB 494. This bill simply makes clear a franchisee is the owner of the business and the ultimate employer of any individual who works at that business.

As we heard from Rep. Antani's testimony franchising directly contributes \$674.3 billion in economic output, accounting for approximately 2.5% of private sector U.S. GDP. This is a job creating mechanism that not only offer opportunities to entrepreneurs, but also supports more than 7.6 million direct jobs across the country. Of the largest fifteen franchisees nine are restaurants.

HB 494 is an ongoing effort to promote state level law addressing the joint employer issue. From 1984 to 2015, franchises operated under the joint employer standard determined by the National Labor Relations Board (NLRB) which decision were based on "direct control" of employees. This standard allowed franchisors to provide valuable information, best practices and other resources to the franchisees, while still giving them the independence to conduct the business under the franchisors prescribed business methods.

Recently, the NRLB decided the joint employer relationship should change stating the franchisor not the franchise is the employer. Neither the franchisor nor the franchisee is happy with this decision.

The ORA is an association that represents many franchise establishments and HB 494 is not only a step in the right direction for small business owners, but for their hard-working employees as well.

It is important to note this bill doesn't nothing to impact existing worker rights and in no way limits potential redress of any employment claims an employee may have. Also, 18 other states have passed similar legislation and several more have legislation pending.

Sincerely,

A handwritten signature in blue ink that reads "Joe Rosato".

Joe Rosato  
Director of Government Affairs