



## OHIO

March 20, 2018

The Honorable Louis Blessing, III  
Chairman, Ohio House Government Accountability & Oversight Committee  
77 South High Street, 13<sup>th</sup> Floor  
Columbus, OH 43215

Dear Chairman Blessing:

I am writing on behalf of the 23,000 governing members of the National Federation Independent Business/Ohio (NFIB/Ohio) to lend our support for House Bill 494, legislation that would clarify that a franchisor is not the employer of a franchisee or employee of a franchisee for purposes of the Minimum Fair Wage Standards Law, the Bimonthly Pay Law, the Workers' Compensation Law, the Unemployment Compensation Law, and the Income Tax Law.

We applaud Rep. Antani for introducing this legislation in response to the National Labor Relations Board (NLRB) Browning-Ferris decision that created a joint-employer standard. This new standard will undo the practices that many small business owners have operated under for decades.

In 1984, the standard defined a joint-employer as a business that yields direct control over hiring, terminating, and managing employees. Under this definition, a franchisee was the only one responsible for their employment and their employee's conduct. Under the Browning-Ferris ruling, the NLRB rewrote the standard to include indirect control, so that even influence over employment would qualify a business as a joint-employer. Now, a franchisor is liable for their franchisee's employment law violations, and a business that hires a subcontractor can be legally responsible for their subcontractor.

This means companies may stop or avoid using franchising as a method of business growth, or will be forced to spend additional resources to oversee their franchises. Entrepreneurs might also refrain from buying a franchise as this standard hinders their ability to operate independently, thus hurting economic growth.

House Bill 494 will prevent the extension of the joint-employer standard by state agencies for purposes of Ohio's laws. This bill will provide certainty for Ohio's business owners. Ohio will join multiple other states in extending this protection and certainly send a signal to Congress to move forward and offer this protection at the federal level.

NFIB/Ohio asks for your favorable consideration of House Bill 494.

Sincerely,

A handwritten signature in blue ink, appearing to read "Christopher J. Ferruso", is written over a light blue horizontal line.

Christopher J. Ferruso  
Legislative Director