



## **HOUSE BILL 494 – FRANCHISOR LAW**

### **PROPONENT TESTIMONY**

#### **OHIO SENATE TRANSPORTATION, COMMERCE & WORKFORCE COMMITTEE**

**NOVEMBER 28, 2018**

Chairman LaRose, Vice-chair Kunze, Ranking-member Schiavoni and members of the Ohio Senate Transportation, Commerce & Workforce Committee, my name is Chris Ferruso and I am here on behalf of the 22,000 governing members of the National Federation of Independent Business in Ohio (NFIB) to lend our support for House Bill 494, legislation clarifying 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 creating a joint-employer standard. This new standard will undo the practices many small business owners have operated under for decades.

In 1984, the standard defined a joint-employer as a business yielding 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, changing what constitutes a business as a joint-employer.

This joint-employer standard means companies may stop or avoid using franchising as a method of business growth. Entrepreneurs might also refrain from buying a franchise as this standard hinders their ability to operate independently, thus impeding economic growth. Franchisees are business owners who make the decisions on hiring, wages, etc. They pay their taxes and establish schedules and work hours. Passage of House Bill 494 simply reaffirms what has been the practice in Ohio for decades and offers these employers certainty for purposes of Ohio law going forward.

It is important to note this bill in no way impacts the rights of any employees under Ohio's current employment laws.

House Bill 494 prevents the extension of the joint-employer standard by state agencies for purposes of Ohio's laws. This bill provides certainty for Ohio's business owners. Ohio will join multiple other states in extending this protection and continuing the standard franchisors have had to operate under for decades. We respectfully ask for your favorable consideration of House Bill 494.