



October 17, 2023

International Franchise Association Testimony Opposing Bill 34-23

Dear Members of the Montgomery County Council,

Thank you for the opportunity to provide written testimony to the Council regarding this important legislation. On behalf of the International Franchise Association and thousands of franchise business owners across Montgomery County, we submit this testimony to express our opposition to [Bill 34-23](#), which aims to establish an advisory Wage Commission in Montgomery County.

We represent a wide spectrum of businesses, including over 1,200 brands across nearly 300 varying industries in the county – all of which deserve the ability to make decisions that best fit the employees and neighborhoods they serve.

These business owners do their best to serve their communities and support their local economies by creating jobs and paying taxes, all while navigating the labor laws and regulations this Council creates and enforces. There has been no indication from the Council or other community leaders that the current lawmaking process does not work.

As such, we have concerns that Bill 34-23 cedes the legislative process to an unelected Commission, whose scope and authority would ultimately jeopardize the independence of business owners and operators in Montgomery County. We also worry that it would result in the Council advancing new laws and regulations that do not adequately consider the perspectives of business owners. Further regulations spurred by the Commission would not only be unnecessary but could result in businesses being forced to close or spur potential business owners to choose other jurisdictions for new business growth.

Franchisees, the local owner operators across the county, including local restaurant owners (the first sector to be examined by the Commission, as directed by the current proposal), are independent operators who live and work in Montgomery County. These business owners work every day to support their customers, staff, and communities. On average, franchise businesses (26% of which are owned by people of color, compared with 17% of independent businesses) pay workers 2-3.5% more than similarly situated non-franchised establishments and offer the majority of their employees health insurance and paid leave. Additionally, nearly half of all franchise owners are small operators, with a limited number of locations and nearly one-third of franchise owners say they would not own a business if not for the franchise model. On average, African-American owned franchise businesses earn 2.2 times more their non-franchised counterparts.

All of this could be put in jeopardy by the Council advancing legislation delegating its legislative authority to an unelected and unaccountable council, who's mission statement is to study a problem which the data shows does not exist.

The International Franchise Association and our members welcome further conversation about how to best protect employees, but we feel that Bill 34-23 misses the mark.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Jeff Hanscom".

Jeff Hanscom
Vice President, State & Local Government Relations & Public Policy
International Franchise Association