



INTERNATIONAL FRANCHISE ASSOCIATION

March 14, 2006

EXECUTIVE COMMITTEE

- Richard Rehrick, CFE
American Leak Detection
Chairman
- Lawrence "Doc" Cohen, CFE
Doc & Associates
1st Vice Chairman
- Michael M. Bakson
ServiceMaster Clean & Furniture
Maid
2nd Vice Chairman
- Steven J. Greenbaum, CFE
FastNet International Franchise
Corporation
Secretary
- Russell J. Frith, CFE
Lawn Doctor, Inc.
Past Chairman/Treasurer
- Sidney Fehenzlin
Immediate Past Chairman
- Rick Robinson
Jan-King Southwest
Franchise Forum Chairman
- Stephen P. Joyce
Merriell International
Franchisor Forum Chairman
- Lane Fisher
FisherZucker LLC
Supplier Forum Chairman

Ms. Edith G. Prague, Co-Chair
 Mr. Kevin Ryan, Co-Chair
 Labor and Public Employees Committee
 Connecticut General Assembly
 Room 3800, Legislative Office Building
 Hartford, CT 06106

Dear Senator Prague and Representative Ryan,

The International Franchise Association (IFA), the largest and oldest franchising trade group, would like to take this opportunity to comment on Senate Bill 462, "An Act Concerning a Fair Share Health Care Surcharge."

The mission of the IFA is to safeguard the business environment for franchising worldwide. The organization represents over 1,100 franchisor, 8,000 franchisee and 400 supplier members nationwide. America's more than 767,000 franchised businesses generate jobs for more than 18 million workers (nearly 14 percent of the nation's private-sector employment) and account for \$1.53 trillion in economic activity (9.5 percent of the private-sector economic output). In Connecticut, there are over 8,000 franchise establishments. Together, these businesses employ more than 97,000 people in Connecticut and produce more than \$18.5 billion in annual economic output.

The IFA strongly opposes SB 462, because the bill blurs the distinctions between the employees of franchisees and the employees of franchisors. This is a significant departure from the well-established treatment of the franchise business model. The typical franchise relationship is an independent contractor relationship to establish standards that protect the franchisor's national identity and the value of its trademarks, but without involving the franchisor in control of day to day business decisions and operations of its franchisees.

The employees of a franchisee are not the employees of a franchisor. First, the franchisor and franchisee do not share ownership or financial control. The franchisee is the sole owner of the franchised business and retains the profits from the business, typically after payment of a set royalty fee. Also, the franchisor has no ownership interest in the business and does not contribute money for business expenses, operations, or salaries.

BOARD OF DIRECTORS

- Bill Anderson
The UPS Franchise Advisory
Council
- Ron Berger
Figaro's Italian Pizza, Inc.
- Dick Crawford
McDonald's Corporation
- Jerry Crawford
Jan-King International, Inc.
- Dina Dwyer-Owens, CFE
The Dwyer Group
- Jack Earle
Earle Enterprises
1st Vice Chair, Franchise Forum
- William G. Hall
William G. Hall & Company
- Aslam Khan
Falcon Holdings, LLC
- Kirk Kincaid, CFE
InterContinental Hotels Group
- William Kussell
Dunkin' Brands, Inc.
- Godfred P. O'Rourke, CFE
Money Mailer, LLC
- Charles Rowley
YUM! Brands Inc.
- Steven S. Rogers
The Franchise Company Inc.
- Michael J. Roman, CFE
ExxonMobil Fuels Marketing
- Sove Romaniuk
FOCUS Brands, Inc.
- Ann M. Rosenberg
Let's Make Wine
- Michael H. Seid, CFE
Michael H. Seid & Associates
- Mary Ellen Sheets
Two Men And A Truck Int., Inc.
- Larry Tate
Golden Corral Buffet & Grill
- Kenneth D. Walker
Meineke Car Care Centers, Inc.
- Jack Wilkie
7-Eleven, Inc.
- Samuel Wright
Cardinal Corporation
- George Zogralos
Z Drexel Co.

Matthew R. Shay
President

World Headquarters: 1501 K Street, N.W. Suite 350 Washington, DC 20005
 Telephone: 202/628-8000 Fax: 202/628-0812 E-Mail: ifa@franchise.org Internet: www.franchise.org



Ms. Edith G. Prague, Co-Chair
Mr. Kevin Ryan, Co-Chair
March 14, 2006
Page 2

Secondly, the franchisor and franchisee do not share management. The franchisor's managers do not have control or a physical presence in the franchisee's business.

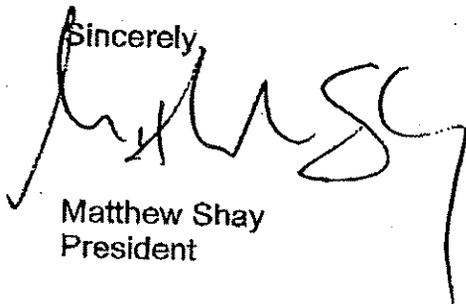
Thirdly, the franchisee is solely responsible for control of labor relations. The franchise agreement typically provides that the complete control over franchisee employee matters resides with the franchisee management. The franchisee employs all employees who work at the business and makes all decisions with respect to employment matters (hiring, firing, discipline, performance evaluations, promotions, demotions, raises, scheduling, compensation, etc.).

And finally, there is no operational interrelation between franchisor and franchisee. The franchisee is responsible for day-to-day operations of the business and holds the necessary licenses and business permits for the businesses. Franchisees and franchisors have separate bank accounts, operating budgets, tax ID numbers, payroll accounts and personnel records.

Self-employment is often path to the American dream, and franchising offers that opportunity to thousands of Connecticut citizens. This legislation places that opportunity in jeopardy and threatens the relationship between franchisee and franchisor. For this reason, IFA strongly opposes SB 462.

IFA respectfully requests that you reject SB 462, particularly the combining of franchisee employees with those of a franchisor in the definition of an "employer."

Sincerely,



Matthew Shay
President