



**Franchising**<sup>®</sup>  
Building local businesses,  
one **opportunity** at a time.

November 14, 2012

Members of Congress:

We write to urge you to work together to avoid the fiscal cliff and commit to take concrete steps to restore our nation's economic footing by addressing comprehensive tax reform in 2013. Failure to act could put at jeopardy the ability for a critical sector of our economy to continue to grow--the nation's 825,000 franchise businesses we represent --which collectively support nearly 18 million workers and generate \$2.1 trillion in economic output annually. As CEOs and senior executives of franchise companies, the success of the franchise business model is directly tied to the success and continued growth of our franchisees; small business owners who own and operate locations in every state and all 435 congressional districts in the United States.

Resolution of the impending fiscal cliff during the upcoming lame duck session is a necessity for businesses like ours dealing with the overwhelming uncertainty of our nation's fiscal policy. Yet addressing the fiscal cliff is only the first step toward ensuring long-term growth for our industry. Congress should seize this opportunity and commit to produce a tax reform bill by a certain date. Franchise businesses should play an important role in the development of comprehensive tax reform, given the franchise business model requires the successful partnership of franchisors (C-Corporations) and franchisees (primarily S-Corporations, LLPs and LLCs, Partnerships and Sole Proprietorships).

Franchise business owners are local small businesses, and as pass-through entities, their business profits are taxed at the individual tax rate. Many of these franchisees own the rights to develop multiple locations and have the strong desire to expand their businesses, creating more jobs and the economic output our country urgently needs. Yet in the current economic environment, with so much uncertainty about what tax rates will be next year, many franchisees have begun pulling back on developing additional locations, which means jobs are not created and economic growth is not realized.

To be sure, raising taxes on those individual filers who earn \$250,000 a year will further decrease franchise development in the coming years. Considering the average franchise, including franchise fees and development costs, is more than \$500,000, Congress must carefully weigh the consequences of raising taxes on these job creators while at the same time creating tax certainty for small business franchise owners.

In addition, business leaders in other sectors of the economy have recently called on Congress to tackle corporate tax reform as quickly as possible. While we applaud our CEO peers who represent large manufacturers, financial services institutions and energy producers for advocating for a lower corporate tax rate that will keep American businesses, including ours, more competitive in an



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increasingly global economy, we are united in our commitment for comprehensive tax reform and would oppose any attempt to rewrite the tax code that does not include a lower overall rate for both corporations and individuals.

The franchise business model creates jobs faster than most other businesses, due to its structured, proven and scalable model. Every new franchise business creates on average 40 new jobs– a true model for success and engine for job growth during this sluggish economic recovery.

Comprehensive tax reform will enable existing franchisees to unleash the full potential of the franchising industry, and the door can be opened to additional prospective franchise investors to enter our industry, creating opportunities for more small business ownership and new jobs throughout America.

Therefore, as always, the International Franchise Association stands ready to work with you, your Congressional colleagues and the Administration to design and implement comprehensive tax reform that will benefit all Americans and unleash the job creating potential that has been so hampered these last few years.

Respectfully,

Jim Amos, Tasti D-Lite  
Cheryl Bachelder, Popeyes Louisiana Kitchen  
Janina Bailey, FranNet Franchising  
Sam Ballas, East Coast Wings & Grill  
Roger Baumgart, Home Instead Senior Care  
Gary Beisler, Qdoba Restaurant Corporation  
Ron Berger, Figaro's Italian Pizza, Inc.  
Melanie Bergeron, TWO MEN AND A TRUCK  
G. Michael Brown, Childrens Lighthouse  
Steve Caldeira, International Franchise Association  
Tim Casey, Famous Brands International  
Charles E. Chase, FirstService Brands  
Jeffrey M. Connally, CMIT Solutions, Inc.  
Jerry Crawford, Jani-King International, Inc.  
Tim Davis, The UPS Store  
Fred DeLuca, Subway  
Emma Dickison, Home Helpers  
William P. Dunn, Jr., Auntie Anne's, Inc.  
Dina Dwyer-Owens, The Dwyer Group  
Ted Dzialowski, Nutri-Lawn, Inc.  
Don Fox, Firehouse of America  
Steven Greenbaum, PostNet  
Jeff Jervik, Fitness Together Holdings, Inc.  
Gail W. Johnson, Rainbow Station, Inc.  
Stephen P. Joyce, Choice Hotels International



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Sloan Kamenstein, Sloan's Ice Cream

Mary Kennedy Thompson, Mr. Rooter Corporation  
S. Kirk Kinsell, InterContinental Hotels Group  
Linda Lang, Jack in the Box, Inc.  
Joe Lindenmayer, TSS Photography, Inc.  
Gordon Logan, Sport Clips, Inc.  
Paul Mangiamele, Bennigan's  
Stuart Mathis, Quiznos  
Catherine Monson, FASTSIGNS International  
Barbara Moran-Goodrich, Moran Family of Brands  
Roger Murphy, Murphy Business & Financial Corporation  
Karen Powell, Decor&You, Inc.  
Andrew F. Puzder, CKE Restaurants, Inc.  
Alex Roberts, Mr. Handyman International  
Patrice Rice, Patrice & Associates, Inc.  
Jack T. Riggs, M.D., Pita Pit USA, Inc.  
Dick Rennick, Past International Franchise Association Chairman  
Jim Satterfield, Firestorm Franchising, LLC  
JoAnne Shaw, The Coffee Beanery, Ltd.  
Kevin Sinclair, Wireless Zone  
Julia Stewart, DineEquity, Inc.  
Shelly Sun, BrightStar Care  
Lenny Verkhogla, Executive Care  
Michael Vivio, Valpak  
Ken Walker, Past International Franchise Association Chairman  
Steve Wiborg, Burger King Corporation