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Silicon Valley Chamber Coalition
7471 Monterey Street
Gilroy, CA 95020

April 20, 2021

California Assembly Labor & Employment Committee

RE: Opposition to AB 257

Dear Chairman Kalra, Vice Chair Flora & Members of the Committee,

AB 257 will devastate restaurants/franchise businesses throughout California. Many franchises are independent small businesses. Just because they are associated with a corporation for branding and marketing purposes, that does not mean that franchises are large businesses themselves or have similar profitability margins. Small franchise businesses make their own decisions when it comes to hiring and general business operations.

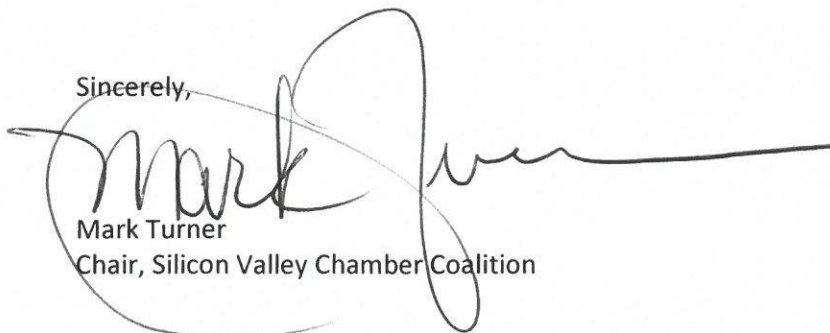
In fact, the reason why so many minorities and independent entrepreneurs choose to open a franchise business is because they do not have the resources to start a new business by themselves. Minority entrepreneurs link themselves to a franchisor so that they can access a successful business model to access new opportunities that may otherwise be unattainable on their own. Nearly 33% of all franchises across the country are owned by minorities, compared to just 18% of non-franchise businesses. Restaurants and franchises are where minorities achieve financial success which uplifts up people from all walks of life and socioeconomic backgrounds.

AB 257 would open the door to creating new barriers against minority business entrepreneurship. The legislation could create new costly regulations, independent from any elected official's oversight, and would devastate small businesses that are linked to a franchisor. The bill would also eliminate autonomy for franchises/restaurants. Small businesses, especially restaurants, cannot afford new costly regulations and AB 257 relies on the false premise that all small franchises are as profitable as the parent corporation.

Also, creating an 11- member council that does not bear the burden of meeting payroll, paying bills, covering overhead, or have any investment in the business at all make decisions about employment standards, wages, working hours and other working conditions does not make sense, especially when other state agencies already exist to regulate such issues. AB 257 will create a Fast Food Sector Council that is slanted against franchise owners to begin with, is completely biased, unfair, and will discourage job creation.

For all these reasons, the Silicon Valley Chamber Coalition OPPOSES AB 257.

Sincerely,



Mark Turner
Chair, Silicon Valley Chamber Coalition