

# Silicon Valley Chamber Coalition

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**Silicon Valley Chamber Coalition**  
7471 Monterey Street  
Gilroy, CA 95020

June 10, 2022

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.

The franchising business model is unique. It can provide everyone with an equal opportunity to own their own business, regardless of race, gender, sexual orientation, experience, or education. Franchising can help break down those barriers to local business ownership, while providing equitable opportunities to uplift our families and neighbors.

Passage of AB 257 is certain to increase costs for consumers and patrons of counter service restaurants, many of which are franchises. Restaurant prices are soaring in line with inflation, as the cost of food, gas and rent climbs to the highest rate in over four decades. Nearly 70% of Californians visit a counter service restaurant each week and are already feeling squeezed by higher prices. The last thing working Californians need right now is Sacramento increasing their food costs at thousands of establishments they frequent every week.

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