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Building local businesses,
one opportunity at a time.

January 31, 2023

Virginia House Rules Committee
1000 Bank Street
Richmond, VA 23219

RE: Oppose HB 2478 (Del. Shin)

Dear Chairman Gilbert & Members of the Committee,

On behalf of the International Franchise Association and impacted restaurant chains and their franchisees, we urge you to **OPPOSE HB 2478 by Del. Shin**. It will have a disastrous impact on the quick and counter service restaurant business model in Virginia. HB 2478 will cause irreparable harm to thousands of Virginia entrepreneurs who have invested their livelihoods in building a business and employing hundreds of thousands of workers across the state. All of this without any demonstrable evidence of a problem in need of such a solution.

While there are significant issues among the bill awaiting your action, below are the most pressing:

- Massive expansion of authority of council to include creation of wholly new enforcement mechanisms for each standard. The Council will create fast food specific standards, create new enforcement mechanisms, and give direction to the executive agencies using those enforcement mechanisms.
- The cost for this council will be substantial given the council's authority to create its own enforcement provisions.
- The definitions of "working conditions," right to time off and what potential remedies might exist for workers, including the right to take time off, are vague and could expand to mean any number of things including paid time off, which is supposed to be out of the bill.
- Its interaction with other agencies creates divided authority for health and safety between the Council and existing state agencies.
- The creation of 'local boards' will only further complicate the landscape for quick and counter-service restaurant operators in the state.

By creating an unelected council, the bill passes the cost of bureaucratic red tape onto Virginians already saddled with rising inflation across the board. HB 2478 sets aside existing labor laws in favor of a new, additional set of rules developed and enforcement mechanisms created by unelected political appointees who are not accountable to voters or their elected officials.

HB 2478 egregiously singles out an arbitrary and niche sector of the restaurant industry and even more niche slice of the overall employer population in Virginia. The legislation applies only to restaurants that are part of brands with more than 100 locations. This is a demonstration of the arbitrary nature of HB 2478, as the 100 locations threshold is made without justification or rationale as to what makes restaurants unique at 100 locations versus 29?



Quite simply, HB 2478 will increase costs for consumers and harm local businesses.

Skyrocketing costs for food, gas, and rent are crushing consumers and local restaurants alike. There could not be a worse time to institute legislation akin to a restaurant tax that would raise food prices even more on working Virginians. We urge you to oppose HB 2478 and instead better support the rigorous worker protection and workplace safety structures already in place here in Virginia.

Government should focus on fully funding and staffing those departments charged with enforcing existing law rather than enacting a bill destined to hurt working families and thousands of hard-working small business owners. Members of the IFA are not opposed to discussions about wage increases or workplace safety – in fact, we welcome them. This bill, however, does not create a clear or workable forum for these discussions, an even playing field for businesses or real solutions for workers.

Thank you in advance for your consideration.

Regards,

A handwritten signature in black ink, appearing to read "M. Jeff Hanscom", is written over a light blue horizontal line.

Jeff Hanscom
VP, State & Local Government Relations
International Franchise Association