

SESSION

Legislative & Regulatory Updates: What Franchisees Need to Know

SPEAKER



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Government Relations Update

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Topics for Discussion

- “One Big Beautiful Bill” tax provisions
- Legislative Priorities
 - WOTC expansion/extension
 - Workforce shortages
- Other
 - Penny shortage
- Wednesday – Hill Day!
 - Overview & Questions



“One Big Beautiful Bill” – Key Tax Provisions

- **Qualified Business Income (QBI) Deduction/Section 199A**

- Applies to “pass through entities” - sole proprietorships, partnerships, S corporations, and certain LLCs
- Permanently extends 20% deduction on qualified business income
- Higher levels for deduction phaseouts
 - For married couples filing jointly, the range expands from \$100,000 to \$150,000
 - For single filers, the range increases from \$50,000 to \$75,000.
- New minimum deduction - taxpayers with at least \$1,000 in QBI can claim a \$400 QBI deduction

- **Death (Estate) Tax**

- Permanent gift tax exemption increase to \$15 million per individual and \$30 million per couple
- Indexed for inflation

- **Bonus Depreciation:**

- Permanent, 100% bonus depreciation for qualified property acquired and placed in service after January 19, 2025.
- Applies to interior improvements, improvements to the land, equipment, machinery, technology and certain vehicles

- **Business interest expense deduction**

- Permanently restores depreciation and amortization to the EBITDA-based calculation of interest payment deductibility.



“One Big Beautiful Bill” – Key Tax Provisions

- **Section 179 Expensing**

- Deduction of up to \$2.5 million in qualifying property placed in service after 2024.
- Includes new or used equipment and software
- Thresholds adjusted annually for inflation.

- **No Tax on Tips**

- \$25,000 tax deduction for servers and bartenders earning tips,
- \$12,500 tax deduction of overtime premium pay for hourly earners.
- Both provisions will be available for workers from 2025 to 2028.
- How it works:
 - When a tipped employee is filing their 2025 tax return, they will input all their income information (tips and cash wage) as they do now.
 - They should be prompted to deduct up to \$25,000 of their tip income before other deductions like mortgage interest.

- **No Tax on Overtime**

- Applies to non-exempt, hourly employees who earn time-and-a-half their hourly rate when working more than 40 hours a week.
- Beginning in 2025, employers will track how much premium overtime pay each employee earns.
- Their employer will provide this amount on W-2 form tax form
- For the 2025 tax year, most eligible hourly employees will receive a refund on their federal tax return



Not in OBBA: Remaining Tax Provision

Work Opportunity Tax Credit

- How it works:
 - Employers who hire from targeted communities can receive a tax credit
 - Targeted communities: SNAP recipients, disabled veterans; recipients of Temporary Assistance for Needy Families (TANF); SSI recipients; disability community;
 - Gives a tax credit of up to 40% of first \$6,000 in wages (\$2,400)
- Expiring at the end of the year- WHY wasn't it included?
 - Not in TCJA provisions – extended via an earlier COVID relief bill
 - Some don't think it helps – only helps large employers who hire anyway
- Solution: “Improve the WOTC Act” (H.R. 1177, S. 492)
 - Bipartisan/Bicameral bill
 - House: Smucker (R-PA)/ Horsford (D-NV)
 - Senate: Cassidy (R-LA)/Hassan (D-NH)
 - Not updated since passage in 1997
 - Expands credit to 50% of first \$6,000 in wages (\$3,000) PLUS
 - Second tax credit once work >400 hours BUT
 - NO EXTENSION IN THE BILL



Not in OBBB: Remaining Tax Provision Work Opportunity Tax Credit

- Current state of play:
 - Cassidy & Hassan working out final details of NEW bill introduction which will include:
 - 5-year extension
 - Adds military spouses
 - Once reintroduced, Smucker/Horsford will reintroduce
 - Believe to bring more republican support
- Also...
 - Recent articles saying it doesn't accomplish its goal BUT
 - E&Y study released earlier this year combats that (in leave behinds)



New Fees in OBBB for Immigration-based Applications/Work Permits (as of 7/22/25)

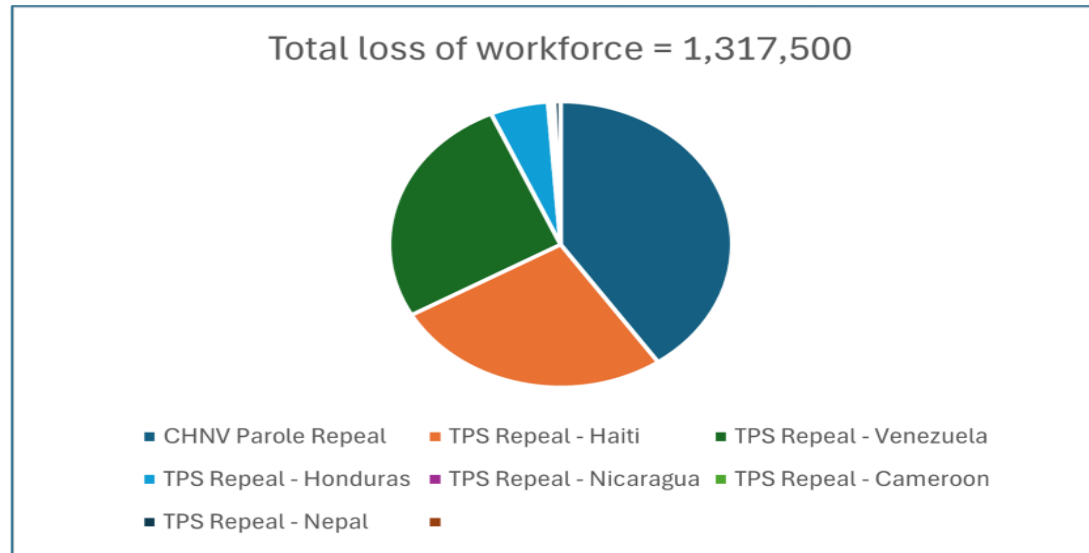
Asylum Seekers	Fee
Asylum application fee	\$100
Annual processing fee (during application)	\$100/year
Initial Employment Authorization (EAD)	\$550
EAD renewal/extension	\$275

TPS Holders	Fee
TPS application (USCIS)	\$500
TPS application (Court)	\$500
Initial work permit (1-year)	\$550
Renewal or extension (1-year)	\$275

Parole Workers	Fee
Parole application	\$1,000
Initial work permit (1-year)	\$550
Renewal or extension (1-year)	\$275



2025 Temporary Protected Status (TPS) & Parole Policies: Impact on U.S. Workforce



Policy	# of Workers Affected
CHNV Parole Repeal	532,000.00
TPS Repeal - Haiti	348,000.00
TPS Repeal - Venezuela	350,000.00
TPS Repeal - Honduras	72,000.00
TPS Repeal - Nicaragua	4,500.00



Upcoming Regulations for Asylum Seekers

- 2 rules already sent to OIRA (last step before publication)
- 1st notice issued 10/14/25: “Employment Authorization Reform for Asylum Applicants”
 - Pause work permits completely until USCIS decides all asylum claims w/in 180 days THEN
 - Require 1 year (currently 6 months) until they can apply for a work permit
- 2nd notice issued 10/23/25: “Clarification of Discretionary Employment Authorization for Certain Alien Populations”
 - Believed to be more limited



The Rush for Immigration Reform

- **Several bills targeting immigration**
 - Not going anywhere right now & without Trump's support
- **Essential Workers for Economic Advancement Act (EWEA) (HR 5494)**
 - Sponsors:
 - House: Smucker (R-PA), Cuellar (D-TX) & 9 cosponsors!
 - Senate: Looking for lead Dem and Rep.
 - Creates a non-immigrant visa program (H-2C) for high-demand/short-supply industries in metropolitan areas facing a critical labor shortage.
 - The only pathway for temporary workers to fill non-agricultural, year-round, less-skilled positions that are not being filled by U.S. workers.
 - To emphasize:
 - Temporary – no path to citizenship
 - Individual – not family
 - Portability – can move jobs if need to
 - Economic triggers so not taking from U.S. workers



Other Issues

- **Penny shortage**

- Issue: The U.S. Mint stopped producing pennies in June, and Federal Reserve coin distribution centers are already running out, leaving businesses without the ability to make exact change.
- Common Cents Act (H.R. 3074 / S. 1525)
 - Allows rounding to the nearest nickel for cash transactions nationwide—currently prohibited in at least 10 states.
 - Clarifies SNAP rules to ensure rounding doesn't violate equal treatment provisions for food assistance recipients.
 - Supports check cashing flexibility at retail locations, especially for unbanked customers.
- National Restaurant Law Center has advised that rounding final ticket totals down is the most prudent approach to mitigate potential class-action exposure,



Hill Day – Agenda

- 8-8:55 a.m. Breakfast
- 9-9:30 a.m. Congressional Speaker
- 9:30-10 a.m. Welcome to Congress – What You Should Know As a Business Owner
Rodney Davis, Head of Government Relations , U.S. Chamber of Commerce
Former U.S. Congressman/ McDonalds franchisee (parents)
- 10-10:30 a.m. Work Permit Restrictions and the Effect on the Workforce
Leidy Perez - Policy & Communications Director (Workpermits.us)
- 10:30-10:45 a.m. Break
- 10:45-11:15 a.m. Tax and Workforce Legislative Priorities
Drew Weinstock - Legislative Assistant for Rep. Lloyd Smucker (R-PA-11)
- 11:15-11:45 a.m. Congressman Kevin Kiley (R-CA-03)
- 11:45 a.m.-12 p.m. Hill Visits 101
- 12-12:45 p.m. Lunch with Congressman Don Davis (D-NC-01)
- 12:45-1:15 p.m. Hill Visits
 - 1:45 Senate
 - 2:45 House
 - 3:45 House
- 4:00 Walk to Bullfeathers
- 4:30-5 Hill Meeting Discussion
- 5-7 p.m. Congressional Reception

