



American Association of Franchisees & Dealers *The Center for Total Quality FranchisingSM*

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July 22, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
Democratic Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

On behalf of the American Association of Franchisees and Dealers (“AAFD”) and its franchisee members, we respectfully offer our views and perspective on additional needs resulting from the impacts of the COVID-19 pandemic to ensure the sustainability of our small business franchise owners.

AAFD is the oldest and largest national not for profit trade association advocating the rights and interests of franchisees and independent dealer networks. The AAFD supports more than 50 independent franchisee associations and trademark specific chapters, representing thousands of franchisee operated business outlets, generating hundreds of millions of dollars each year in direct and indirect business revenue, which in turn supports local communities. Since our establishment in 1992, the AAFD has focused on its mission to define, identify and promote collaborative franchise cultures that respect the legitimate interests of both franchisors and franchisees, cultures we describe as embracing our vision of *Total Quality FranchisingSM*.

While the CARES Act and PPP loans allowed many of these businesses to survive to this point, it was originally designed to be an eight-week bridge. Yet, we sit here today, with many areas of the country stepping back and reclosing businesses. The lodging, personal care, fitness industry and many restaurants have been especially hit hard and cannot survive without additional assistance. These businesses need to be helped, thereby preserving employment of potentially millions of small business employees, which impact the economy at all levels. An additional PPP type program will be required to help these businesses, needing more flexibility to cover many ongoing costs in addition to labor, specifically rent, utilities, mortgages, and business loans. Without being able to keep up with their ongoing costs puts their landlords, suppliers, and banking institutions, including the SBA 7(a) loan programs, at risk. The next

package should also incentivize these businesses by helping underwrite costs to create new business, alternative business and activity, based on the new normal we are all experiencing, to help ensure their long-term sustainability.

The next area of assistance needed is in the form of liability protection. We are in uncharted territory for many of these small franchised businesses, taking every step to maintain a safe environment for their customers and staff, often at great expense. Yet, the threat of being sued by a customer or employee contacting Covid-19, puts many of these businesses just one positive test away from potential bankruptcy. We are already seeing insurance carriers issue waivers excluding Covid-19 related injury and damage claims. This protection needs to extend to all businesses that take reasonable care, including the in-home caregivers, often providing affordable services to those most in need.

Finally, when it comes to keeping the economy running, Congress will need to “thread the needle” with providing funds for consumer purchases, while not creating a disincentive for employment. Many of our franchises depend on the spending of lower wage earners, so the stimulus money is critical to keeping them spending, especially if they have had their incomes impacted. However, businesses that are up and running, at a time of high unemployment, are having difficulty finding workers to fill positions. There needs to be incentives for people to work, and be rewarded for working in essential businesses, as they are placed in higher risk of being exposed to Covid-19. The health of the businesses we represent is a critical component of rebuilding the local and national economies.

We urge Congress to work together, to find compromise, and pass solutions in this unprecedented time. This is not the time for political fights, this is a time to help those that have invested, employed, supported, and paid taxes in every Congressional district in this country. Franchise owners are a key part of this country’s business infrastructure, and many, through no fault of their own, are in a critical situation. We ask for your assistance to help them through this continued difficult period.

Respectfully submitted,



Robert L. Purvin, Jr,
Chair, Board of Trustees
American Association of Franchisees and Dealers



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