

# United States Senate

WASHINGTON, DC 20510

November 21, 2023

The Honorable Lina Khan  
Chair, Federal Trade Commission  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Dear Chair Khan,

We write to ensure any upcoming action Federal Trade Commission on the Franchise Rule will benefit the franchise business model and support our constituents who utilize the franchise business model to open and grow their businesses.

Franchising continues to make significant contributions to the US economy, as the approximately 800,000 franchised businesses support nearly 8.4 million direct jobs and contribute \$825.4 billion of national economic output.<sup>1</sup> Franchising has successfully created a path to entrepreneurship for business owners of all backgrounds, including veterans, who comprise one out of every seven franchise owners.<sup>2</sup> Furthermore, sales in franchised businesses exceed non-franchised businesses across all demographic cuts, including gender and race. For example, according to the U.S. Census Bureau, franchise businesses are more often owned by minorities than non-franchised businesses, with over 30 percent of franchises being owned by minorities, compared to 19 percent of non-franchised businesses.

We are aware that the Franchise Rule is under review and that the Commission separately has sought public comment and information related to the franchise relationship. A number of submissions to the Commission's Request for Information called for improved presale disclosures, including greater transparency of franchise terms and conditions, modernized franchise disclosures, awareness of the FTC complaint process, and greater dialogue with the franchise community. These are common sense changes to the Franchise Rule we believe the Commission should consider.

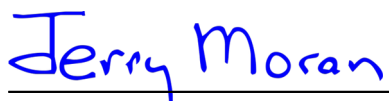
We applaud the Commission's efforts in meeting the GAO's recent recommendations to improve education and awareness of available resources for franchisees. We urge the Commission to engage all key stakeholders in the franchise community, including franchisors, franchisees, suppliers, and other stakeholders, in the Commission's efforts to protect franchisees through improved presale disclosures. We look forward to working together to ensure the continued sustainability of the franchise model and its significant contributions to the U.S. economy.

Sincerely,

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<sup>1</sup> [2023 Franchising Economic Outlook. International Franchise Association. \(2023\).](#)

<sup>2</sup> [Top Five Reasons Why Veterans Should Consider Opening a Franchise. VA News. January 4, 2023.](#)



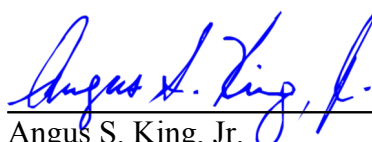
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United States Senator



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