

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

GLENN S. SPENCER
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WORKFORCE FREEDOM INITIATIVE

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October 7, 2015

The Honorable Wayne Schmidt, Chairman
P.O. Box 30036
Lansing, MI 48909-7536

Dear Chairman Schmidt:

Thank you for considering SB 492 and SB 493 in the Senate Commerce Committee. The U.S. Chamber of Commerce's Workforce Freedom initiative strongly supports these bills as a means to protect Michigan's economic climate. They will help preserve the independence and investment of thousands of small businesses operating as franchises in Michigan. These local franchise business owners provide employment for more than 260,000 workers in Michigan, and have an annual economic impact of over \$21 billion.

These bills are necessary because the National Labor Relations Board in Washington, DC, recently issued a new joint-employer standard, one that is both broad in its coverage and vague in its application. This new standard could easily make local franchise business owners joint employers with brand name companies, compromising the independence of their businesses and undermining the franchise model that has promoted entrepreneurship, flexibility, competitiveness and growth. It would essentially make businesses liable for workplaces they don't control, and workers they don't employ.

While the National Labor Relations Act has broad preemption authority, SB 492 and SB493 will protect Michigan's franchise businesses by codifying the prior joint-employer standard for state level enforcement actions. Some states, notably California, have already begun pursuing expanded liability under state law along the lines of the new joint-employer standard and these bills will ensure that Michigan does not go down that path.

The Workforce Freedom Initiative supports SB 492 and SB 493 and recommends their passage to protect the economic climate and local franchise businesses of Michigan.

Sincerely,

Glenn Spencer
Vice President
Workforce Freedom Initiative, U.S. Chamber of Commerce

Cc: The Honorable Jack Brandenburg
The Honorable John Proos