Tuesday, January 20, 2026

International Franchise Association
1201 New York Ave. NW, Suite 300A
Washington, DC 20005

Vermont State House
House Committee on General and Housing
115 State Street
Montpelier, VT 05633-5301

Re: Opposition to H.713 – Fast Food Minimum Wage and Fast Food Council

Dear Chair Mihaly, Vice Chair Bartley, and Members of the Committee:

On behalf of the International Franchise Association (IFA) and the independently owned franchise businesses that operate quick-service restaurants across Vermont, **I write today in strong opposition to H.713**.

IFA is the world's largest organization representing franchisors, franchisees, and suppliers. In Vermont, our members are not corporate headquarters or multinational entities—they are local entrepreneurs who own and operate neighborhood restaurants, employ thousands of Vermonters, and reinvest back into the communities they call home.

H.713 is premised on the notion that "fast food chains" are large, remote corporations that can easily absorb sweeping wage mandates and new regulatory structures. In reality, the bill expressly applies to **independently owned franchise small businesses**, placing a disproportionate and targeted burden on local operators. By establishing a fast-food-only $20 minimum wage and creating a Fast Food Council designed to recommend further wage and workplace mandates, H.713 would **destabilize these small businesses, threaten jobs and hours for workers, and replicate a policy model that has already produced harmful economic consequences elsewhere.**

H.713 TARGETS LOCALLY OWNED BUSINESSES WITH A TWO-TIER WAGE MANDATE.

H.713 establishes a separate $20.00/hour minimum wage, beginning January 1, 2027, for individuals employed by a "nationwide fast-food chain." This is not a broad-based wage policy—it is a sector-specific carve-out that singles out one set of restaurants for a much higher wage floor than other Vermont employers.

Importantly, H.713's definition explicitly applies *"regardless of whether the employer owns the national brand or is a franchisee or licensee of the national brand."* In plain terms: this bill does not primarily punish corporate headquarters. It lands on **Vermont franchisees—local, independently owned small businesses**—who make payroll, train employees, sign the leases, and take the day-to-day business risk.

FRANCHISING IS A PROVEN PATHWAY TO SMALL-BUSINESS OWNERSHIP AND COMMUNITY WEALTH.

The franchise business model exists to enable local entrepreneurs to own and operate businesses while leveraging an established brand and operating system. According to the IFA Foundation–commissioned "Value of

Franchising" report[1], **64% of franchisees surveyed said their franchised business was the first business they owned, and 30% reported they would not own a business if they were not franchisees.**

This matters in Vermont, where expanding opportunities for small-business ownership is essential to building local prosperity and intergenerational wealth.

Franchisees also operate as community anchors: the same report finds **85% of franchisees owned and operated establishments in the town or region where they lived—hiring local residents and supporting local supply chains.**

H.713's approach **undermines that local-business ecosystem by treating locally owned franchise restaurants as if they were large out-of-state corporations.**

H.713 CREATES AN ONGOING INDUSTRY-SPECIFIC REGULATORY BODY THAT WILL INCREASE UNCERTAINTY AND RISK.

H.713 creates a Fast Food Council "for the purpose of studying and recommending minimum standards on wages, working hours, and working conditions" for employees of nationwide fast-food chains.

The bill further directs the Council to study minimum standards on "wages, working hours, training, and other working conditions" and issue annual recommendations for legislative action through 2031.

Even if "recommendations" are not self-executing, this structure creates **ongoing uncertainty about future wage mandates and additional employment regulations for one segment of the restaurant industry**—making it harder for local franchise owners to plan staffing, investment, remodels, and expansion.

CALIFORNIA'S APPROACH IS A WARNING SIGN—NOT A MODEL TO COPY.

H.713 closely resembles California's AB 1228 (FAST Act) approach: a $20 fast food minimum wage paired with a Fast Food Council.

The evidence being reported from California—especially from operator surveys and government-data-based analyses—**should give Vermont lawmakers serious pause.** For example, the Employment Policies Institute's "Crisis in California" survey[2] reports that, as a result of the $20 fast food minimum wage law, **98% of respondents had to raise menu prices, 89% reduced employee hours, 70% reduced staff or consolidated positions, and 74% reported an increased likelihood of shutting restaurants down.**

Similarly, a BRG report[3] summarizes **widespread reductions in employee hours** among surveyed operators and reports **job-loss figures** for the limited-service restaurant sector during the early period after the policy change. A separate data analysis from the Bureau of Labor Statistics and Federal Reserve Bank of St. Louis cites seasonally adjusted comparisons indicating California limited-service restaurant jobs **down 31,704 since September 2023, and it cites analysis suggesting workers lost up to 250 hours per year after implementation**.[4]

Whether one agrees with every conclusion in these studies, the direction of the risk is clear: a fast-food-only wage/council regime can **push operators to cut hours, reduce staffing, raise prices, and pull back on**

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[1] International Franchise Association, The Value of Franchising, Oxford Economics, 2026, https://www.franchise.org/wp-content/uploads/2026/01/IFA_ValueOfFranchisingFINAL.pdf

[2] Crisis in California, A Survey of Fast Food Employers' Response to California's $20 Minimum Wage, 2024, https://epionline.org/wp-content/uploads/2025/03/2024-06-California-Limited-Service-Restaurant-Operator-Survey-Final-Booklet.pdf

[3] Impact of the $20 per Hour Minimum Wage on California's Fast Food Workers: Early Indications, 2025, https://savelocalrestaurantsca.com/wp-content/uploads/2025/02/BRG_Impacts-of-20-Min-Wage-Report_2.18.25.pdf

[4] California's $20 Fast Food Wage Law is Hurting the Workers and Families it Was Meant to Help, https://savelocalrestaurantsca.com/wp-content/uploads/2025/12/CA-Fast-Food-Jobs-Data-Handout-12.17.25.pdf

expansion. Vermont should not replicate a model that is generating this level of alarm among operators and analysts.

VERMONT'S FAST FOOD FRANCHISE FOOTPRINT IS MEANINGFUL—AND POLICIES THAT CHILL INVESTMENT RISK REAL HARM.

H.713's targeted approach risks undercutting local franchise operators' ability to sustain employment and invest—especially when the bill simultaneously creates a structure designed to recommend additional wage and regulatory changes over multiple years.

OPPOSE HARMFUL ECONOMIC POLICIES. REJECT H. 713.

For these reasons, **H.713 should be rejected.** The bill targets locally owned franchise small businesses with a fast-food-only wage mandate and an industry-specific regulatory council that will **increase costs, inject uncertainty, and discourage investment.** Rather than strengthening Vermont's economy or improving outcomes for workers, H.713 risks **reduced hours, fewer jobs, higher consumer prices, and business closures**—outcomes already being reported in states that have pursued this approach. Vermont should not repeat a policy experiment that has proven damaging elsewhere.

Respectfully,

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