



June 23, 2010

Mr. Mike Seney
Vice President, Operations
The State Chamber of Oklahoma
330 NE 10th Street
Oklahoma City, OK 73104

Dear Mike:

On behalf of the International Franchise Association I want to commend the State Chamber for its efforts on the recently enacted workers' compensation reforms. Your work not only helped to protect the business community, but the fate of the more than 12,000 franchised businesses in Oklahoma is more secure today.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 12,000 franchisee, 1,100 franchisor and 500 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output. In Oklahoma alone, franchised businesses employ 146,000 workers and contribute \$9.4 billion to the state's economy annually.

The new law in Oklahoma recognizes the important role that franchised businesses play in the state economy and clarifies the definition of franchisees and employees. In defining the term "employee," the new law wisely clarifies that individuals who are party to a franchise agreement, as governed by 16 CFR 436, shall not be misconstrued as employees.

As states seek to more effectively enforce employment laws, such as those relating to workers' compensation and unemployment insurance, many have implemented threshold tests, such as the "ABC test," for determining whether an employee has been misclassified as an independent contractor. Without clear language to protect the franchise business model, the application of an "ABC test" can result in a misinterpretation of the relationship between franchisors and franchisees as an employment arrangement.

Again, we thank you and the State Chamber for your efforts to protect the state's business climate and allow franchises to continue to flourish in Oklahoma.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Troy Flanagan', is written over a white background.

M. Troy Flanagan
Director, Government Relations