

February 7, 2022

To: Chair Holvey and Members of the House Committee on Business & Labor

From: Paloma Sparks, OBI

RE: OBI Testimony HB 4152

---

**Chair Holvey and Members of the Committee:**

Thank you for the opportunity to testify on this important issue for Oregon Business & Industry members. OBI is Oregon's most comprehensive business association representing over 1,600 businesses that employ over 250,000 people. We represent multiple sectors and serve as the state's Retail and Manufacturing Councils.

There are several pieces of detailed written comments and we have submitted a coalition document that highlights our section-by-section concerns regarding House Bill 4152. I won't go into too much detail here but will outline the general outline of our concerns.

House Bill 4152 is incredibly expansive and creates changes to franchise agreements and relationships that could upend the very nature of the system. While we certainly support empowering franchisees, HB 4152 goes well beyond that. The very purpose behind franchising is to ensure consistency in the customer experience from location to location. Protecting brand identity is a key element of why franchisors are willing to enter into these agreements. HB 4152 would eliminate that ability and could actually result in fewer business opportunities for Oregon entrepreneurs that want to be franchisees.

Franchise agreements are so much more than contracts. They are about how the two parties work together. You wouldn't enter into a business relationship with someone you didn't know was the right fit for your values and goals. But, potentially, that is exactly what this bill would require. It would force franchisors to enter into agreements with businesses that they have not been able to fully vet by mandating transfer requirements. Franchisors need the ability to ensure that their franchisee partners will maintain the high standards of existing relationships.

We are also concerned that the bill could result in confusion and increased litigation. There are many vague terms that could lead to years of costly litigation for all parties. The bill seems to suggest that all franchise agreements would have to be opened up and renegotiated. If that is the intent, we believe this could end up harming franchisees rather than helping them because this bill makes franchise agreements excessively complicated for the franchisor.

A franchise agreement isn't just about the brand logo. It is about ensuring consistency for the brand, across all franchise locations. That means set expectations including location, hours of operations, furnishings, and food. If those elements are stripped out of franchise agreements, the very purpose of those agreements is undermined.

Thank you for your consideration.

Contact: Paloma Sparks, OBI, [palomasparks@oregonbusinessindustry.com](mailto:palomasparks@oregonbusinessindustry.com), (541) 337-4740