

NEWS & INSIGHTS

Will a new president energize franchising?

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The election of Donald Trump to his second term as the president of the United States brings hope to franchisors that policy making in Washington, DC will reflect changes made during President Trump's first term.

The International Franchise Association recently highlighted the impact that Trump's election could have on franchising, noting that the 2017 Tax Cuts and Jobs Act — which was passed during Trump's first term as President, and much of which expires at the end of 2025 — could be extended in Trump's second term. The act is seen as favoring the small businesses that dominate the franchising landscape.

“As President-Elect Trump showcased during the campaign, the franchise business model is responsible for jobs that pay higher wages and create better opportunities for Americans from all walks of life to become small business owners,” IFA president and CEO Matt Haller said through a news release. “We look forward to working with his administration and lawmakers from both parties at all levels of government to make the American Dream even more accessible.”

The Tax Cuts and Jobs Act contains a very favorable 20% passthrough tax deduction for nearly all franchisees and most franchisors. If the deduction is eliminated when the act expires, franchisees likely would have to come up with ways to make up for the deduction, which could mean the loss of jobs or higher prices for consumers.

Haler also commented on the outgoing administration, calling new regulations through the National Labor Relations Board and the Federal Trade Commission “job-killing.”

The NLRB’s updated joint employer standard that [went into effect in 2023](#) and the [FTC’s since-halted ban on noncompete clauses in employment contracts](#) are considered problematic for the franchised businesses. Based on the Trump administration’s record from its first term, we expect that these standards and policies will be modified or reversed.

The IFA also pointed to the Republicans keeping their majority in U.S. Congress as a win to help Trump push what it believes will be a pro-business and pro-franchising agenda.

If you have any questions on how the incoming administration could affect your business, please [reach out to me](#) or any member of the [Saxton & Stump Franchising, Licensing and Distribution Group](#).

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