

NEWS & INSIGHTS

American Franchise Act Proposes New Joint Employer Standard

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For years, the franchise community has worked to change what it perceives to be a problematic joint employer standard – to no avail.

But as franchise professionals and industry lobbyists descended on Washington, D.C., this week – including representation from Saxton & Stump – there could be hope.

A bipartisan group of U.S. congressional leaders are now pushing the [American Franchise Act](#), a piece of legislation intended to provide a clear definition of when a franchisor is a joint employer of the employees of its' franchisees,

ending years of uncertainty and interpretation.

As drafted, the act would confirm that franchisees operate their establishments as independent businesses, alleviating some of the more challenging aspects of the current joint employer standard for franchisors.

What Lawmakers Say

A group of 14 lawmakers introduced the proposed bill to Congress on Sept. 10, starting the process to bring certainty to any joint employer standard. The introduction kicked off the International Franchise Association's [2025 IFA Advocacy Summit](#) this week in the nation's capital.

After introduction, the act was referred to the House Committee on Education and Workforce, where it will be open for debate. There is no timetable as to when it could come up for a vote in the U.S. House of Representatives.

"As one of the few franchisees in Congress, I understand how damaging an ever-changing joint-employer rule is to the franchise business model," said U.S. Rep Kevin Hern (R-OK), one of the sponsors of the bill and the former owner of a McDonald's franchise. "I'm pleased that we were able to come together in a bipartisan effort to create legislation that safeguards small businesses and individuals working to achieve the American dream across the country."

U.S. Rep. Don Davis (D-NC), Hern's co-sponsor of the bill, said the act would benefit the industry as well as its employees.

"Changes to the joint-employer rules have caused costly uncertainty in the industry for too long," Davis said. "The American Franchise Act aims to restore stability by clarifying that franchisors and franchisees operate as independent employers while safeguarding workers through established labor standards."

How We Got Here

The joint employer standard has gone through a number of changes in the last decade at the National Labor Relations Board and continues to be a point of contention at the NLRB, the court system and in Congress. The current NLRB joint employer standard muddies the waters on liability issues in the franchisor-franchisee relationship in matters such as wage-and-hour, labor law, and union formations. The act would confirm that franchisees are independent businesses and responsible for day-to-day operations and labor relations.

We will continue to monitor the progress of the American Franchise Act as it makes its way through the legislative process. If you have any questions on how the act could affect your business, please contact either of the co-chairs of the [Saxton & Stump Franchising, Licensing and Distribution Group](#), [Thomas Kent](#) or [Amanda Dempsey](#).

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