

JANELLE S. BYNUM
STATE REPRESENTATIVE
DISTRICT 51



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HOUSE OF REPRESENTATIVES

Good afternoon, Chair Holvey, Vice Chairs Bonham and Grayber, members of the committee.

My name is Janelle Bynum and I proudly represent House District 51 in the Oregon State Legislature.

I am here today to present an updated version of the Franchising Equity Act HB 4152. I brought this concept to the committee in the 2021 session as House Bill 2946. I took your feedback, held multiple stakeholder workgroups, and am here today to present a more refined version of the legislation. I have combined long-standing New Jersey franchise law with forward-thinking legislation passed in California. We are building upon legislation passed in 2008 aimed at protecting Oregon's automobile franchisees when they were mistreated by the large auto manufacturers. I have received feedback from stakeholders on the bill as drafted and have submitted an amendment request.

As a disclaimer, I am not a lawyer, but I am a franchisee and my *understanding* of the issues is based on my experience as a franchisee and the stories of franchisees who are pushing for this bill. The aim here is not to pick winners and losers, but to ensure a level playing field for all parties involved and provide disincentives for those who attempt to defraud Oregonians.

Much of the regulation resides at the federal level and states like Oregon have provided a limited array of protections. However, the entry of overseas venture capital funds, the advancement of dispute resolution clauses and the overlay of operations requirements in addition to the original franchise agreement have reshaped the landscape of this unique American business arrangement.

The good thing about franchising is that when it works, it works. A franchisor has an idea, wants to use outside capital to grow, then partners with an enterprising entrepreneur to help expand the market. A franchisee has her own money, a desire to "work the land" and grow her personal wealth. Everybody has a fair shot at winning.

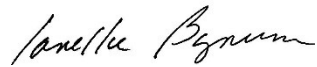
When it doesn't work, the arrangement:

1. Defrauds a franchisee of their hard-earned money (sometimes their life savings).
2. Locks a franchisee into side contracts that affect their bottom line (like technology or credit card processing agreements) without real a choice in the matter.
3. Makes them pay more than fair market value for their supplies or raw materials like "proprietary" luggage racks in hotel rooms.
4. Forces them to resolve a conflict in a state they don't live in shifting the burden of resolution to the party who can least afford it.
5. Is predatory and made in a language the franchisee has limited capability to do business in.

6. Can take a once strong-performing location and cannibalize its sales and profits with unchecked growth by the franchisor because it wants to expand.
7. Is not subject to any regulation or protection from the state. Neither the Department of Justice nor the Department of Consumer and Business affairs has jurisdiction to intervene when Oregonians are being taken advantage of.

These are the issues we are attempting to resolve with the legislation. Thank you for the time today to present this issue. I look forward to a robust discussion.

Sincerely,

A handwritten signature in cursive script that reads "Janelle Bynum".

Rep. Janelle Bynum