
**TESTIMONY OF CLINT EHLERS
FASTSIGNS FRANCHISEE, WILLOW GROVE, PENNSYLVANIA
HB 1620-OPPOSITION
PENNSYLVANIA HOUSE CONSUMER AFFAIRS COMMITTEE
October 21, 2015**

Good morning Mr. Chairman and Members of the Committee. Thank you for having me here today to testify in opposition of House Bill 1620.

My name is Clint Ehlers and I am a FASTSIGNS franchisee in Willow Grove, Pennsylvania. At FASTSIGNS we solve communication challenges for businesses, organizations or events in our communities. By combining marketing and sign knowledge with state-of-the-art technology and innovative thinking, we help other Pennsylvania businesses realize their full potential. Whether you need one sign or a thousand, my franchise promises to deliver a high-quality product, on time and at a competitive price.

I have recently relocated to Pennsylvania from California. One of the rationales behind my location change was Pennsylvania has always maintained a strong, positive climate for franchise small businesses to

operate. However, this legislation would undo many of the reasons I chose to own a franchise small business in the Commonwealth.

While the proposals in this bill may appear favorable to franchisees on the surface, their enactment will lead to a host of unintended consequences for small businesses like mine. The bill's stated purpose is to establish 'responsible franchise practices' and "protect franchisees from unfair practices in the sale and operation of franchised businesses". However, the bill before you would accomplish the exact opposite of its intended effect. The bill would further complicate and undermine the regulatory system already in place that governs franchise relationship with vague language and unreasonable new regulations .

While the bill is flawed in its entirety, some of the most problematic provisions for franchisees like me include:

- A broad definition of "good faith" and an inarticulate definition of "fair dealing", both of which would undoubtedly lead to significant litigation issues, potentially causing my brand irreparable harm. In franchising, our brand is everything – franchisees invest in standard operating procedures

which a franchise system develops over time to ensure the quality of their products and services.

- HB 1620 attempts to rewrite existing contracts by inserting non-negotiated terms and conditions in relation to termination of existing franchise agreements, §5505 & §5509. Termination is governed by each individual franchise agreement, which is freely negotiated by each party at the time of signing. HB 1620 attempts to insert government regulation into contractual negotiations between two private parties and could devalue my investment by making it much more difficult for a franchisor to terminate bad actor franchisees.

Investing in a highly reputable franchise like FASTSIGNS gives me and my fellow franchise small business owners a leg up in marketing, quality and standards as compared to a non-franchised business. This bill could erode

the advantage of being in a strong franchise system like FASTSIGNS, and in the end, devalue my business which would result in future losses when the day comes that I retire and sell.

The last thing we as franchise small business owners in the state of Pennsylvania need are burdensome regulations placed on a successful business model. We should be focused on policies that encourage job creation and economic growth, not inhibit growth or give franchisees additional concern about expanding. I came to Pennsylvania in the hope that I could run an even more successful business than I did in California. This bill would all but erase those hopes as I begin to build my franchise small business.