From: <u>Tj Corey</u>

To: <u>NASAA Comments</u>

Cc: bill.beatty@dfi.wa.gov; Erin Houston; Theresa Leets

Subject: [EXTERNAL]Comment Letter from Nebraska

Date: Wednesday, August 27, 2025 3:14:18 PM

Subject: Comment on NASAA Model Franchise Broker Registration Act - The law of Unintended Consequences

### Dear NASAA Officials:

I am writing to express concern about the proposed **Model Franchise Broker Registration Act.** While we appreciate efforts to protect prospective franchisees, this legislation will produce less overall economic development and create more disparate impact.

#### Reduced Educational Resources

Franchise brokers play a key role in helping prospective franchisees sort, qualify, disqualify, and educate. Many experienced brokers bypass doing business in Washington State, California, Illinois, and others, due to their current compliance requirements and other unfavorable business conditions. In fact, it's astonishing to see how hundreds of innovative brands and other disruptors completely bypass (doing business in) 10-20+ states, due to regulatory costs and state-level filing **inefficiencies**.

By forcing brokers to comply with excessive annual, recurring regulations, and **fees**, this Act would eliminate educational resources that help prospective franchisees research, and evaluate new business opportunities.

#### Limited Access to Information

Brokers often provide access to emerging and highly innovative franchises. By increasing barriers to entry, regulators and advocacy groups are limiting access to information.

## Focus on the Issues

Instead of focusing on registration requirements, regulators should focus on specific harmful practices like misrepresentation or fraud. There are already current regulations on the books that require disclosure forms, under existing law. There is already a FDD, and disclosures under existing law.

As a practical matter, I would recommend things such as increasing nationwide broker education, increasing market awareness with a federal portal, i.e. expand the current FTC webpages to include general education and/or subject matter topics which are easily searchable for the prospective franchisee and brokers. Instead of solutioning with Fees, consider things like **a national standard for gaining Broker**Certifications and/or Ongoing Education badges to bolster effectiveness rather than layer on rules that favor narrow interest groups. Having spent 20+ years in business-to-government sales throughout my career, this proposed set of rules feels like a select group of interests lobbying to influence an RFP. Overall, the language in this proposed measure, and the genesis feels a bit slanted, as we read through the (noncompetitive) nature of the work product. As you consider (more innovative and business friendly) solutions, States should be mindful of their overall constituents, small business, and the impact on new business in their respective markets. As for the statistics and the outliers, be skeptical of so-called experts.

# The Impact on Small Business

The franchise industry is built on small businesses serving local communities. By making it harder for emerging brands to reach potential franchisees, this Act would concentrate market power in the hands of large systems.

Each new franchise business creates jobs, generates tax revenue, and supports **local suppliers**. Reducing the number of new franchises through regulatory barriers has negative effects. I recommend seeking additional advice from State-level government agencies in charge of growth and economic development. In this current business cycle of macro economic growth in the United States; CAP X investment, trillions in infrastructure spend, the overall Recovery from COVID, and Onshoring of capital. The markets are well positioned to attract good franchises. States that over regulate, and layer on overly **burdensome patchworks of regulations** over time, such as New York, California, Illinois, and others have demonstrated the consequences in population losses, businesses leaving the states, reductions in Tax Base, and reductions in Entity Formations data.

State legislatures and the Governors offices should be involved and briefed

on the issues. I would recommend asking and inquiring with your respective state-level staffers to collect data from the 10-20 years in new franchise development business unit data, and net gain analysis prior to moving forward with the Model Franchise Broker Registration Act.

I urge your groups to consider the implications and find solutions that address legitimate concerns, simplify compliance, without stifling new franchise unit growth and American innovation.

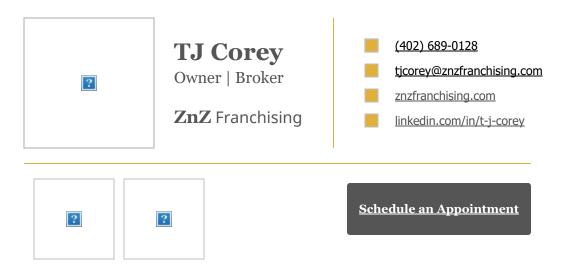
# Respectfully submitted,

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