

# Congress of the United States

U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

## MEMORANDUM

**TO:** Members of the Committee on Small Business

**FROM:** Committee Majority Staff

**DATE:** January 20, 2026

**RE:** Full Committee Hearing Titled: “Local Ownership, National Brands: How Franchising is a Pathway to Entrepreneurship”

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On **Thursday, January 22, 2026, at 2:00 PM ET**, the Committee on Small Business will hold a hearing titled **“Local Ownership, National Brands: How Franchising is a Pathway to Entrepreneurship.”** The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is examine how the franchise business model can be an affordable and accessible pathway to small business ownership.

### I. Witnesses

- **Ms. Angie Katsanevas**, Owner-Founder, Lunatic Fringe
- **Ms. Tina Patel**, Co-Principal, Chief Financial Officer, Promise Hotels
- **Mr. Clement Troutman**, Franchise Owner, Troutman Management LLC
- **Mr. Rico Macaraeg**, CEO/Co-Founder, StriveWell

### II. Background

Franchising offers many Americans an accessible, relatively low-risk pathway to owning a small business by relying on established brands, tested operating models, and ongoing guidance from the franchisor. This approach not only supports individual business ownership but also strengthens workforce development by generating steady jobs that include training, advancement opportunities, and long-term economic security.<sup>1</sup>

Although franchise ownership presents challenges such as access to financing and complying with brand requirements, the model offers safeguards that help small business owners succeed. Many

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<sup>1</sup> *Franchise Financing in 2025: Opportunities and Challenges for Small Business Lenders*, SMALL BUS. FIN. INSIGHTS (Dec. 18, 2024).

franchisors assist prospective owners by connecting them with experienced lenders and simplifying the financing process.<sup>2</sup>

The franchise business model drives economic growth in communities throughout the U.S. In 2024, franchises employed nearly 9 million people, or roughly 5.5 percent of U.S. employment, and contributed \$550 billion to U.S. gross domestic product (GDP).<sup>3</sup> Further, franchises are expected to grow at a pace of five percent year-on-year.<sup>4</sup>

On June 1, 2025, the U.S. Small Business Administration (SBA) reinstated its “Franchise Directory,” restoring a streamlined pathway for approved franchises to access SBA lending programs. Additionally, the *Working Families Tax Cuts* made key small business tax provisions permanent, including Section 199A deduction for pass-through businesses and 100 percent bonus depreciation for qualified property and equipment investments.<sup>5</sup> These measures unleash opportunities for all entrepreneurs, including franchisees.

### **III. Conclusion**

Franchise relationships play a vital role in building the economy. These efforts ensure franchising remains an accessible, sustainable pathway to small business ownership while strengthening local economies and America’s small business landscape.

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 11.

<sup>5</sup> *Small Business*, THE WHITE HOUSE, <https://www.whitehouse.gov/issues/small-business/> (last visited Jan. 16, 2026).