



October 3, 2017

The Honorable Virginia Foxx
Chairwoman, House Committee on
Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Bobby Scott
Ranking Member, House Committee on
Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairwoman Foxx and Ranking Member Scott,

On behalf of the American Hotel & Lodging Association (AHLA), the sole national association representing all sectors and stakeholders in the U.S. lodging industry, including owners, REITs, chains, franchisees, management companies, independent properties, suppliers, and state associations, I urge you to favorably report out H.R. 3441, the “Save Local Business Act” when it comes before the House Committee on Education and the Workforce for consideration. Protecting small business hoteliers from unnecessary and often frivolous joint employer liability is one of AHLA’s top legislative priorities for the 115th Congress.

The bipartisan Save Local Business Act is a narrow, targeted piece of legislation which would amend the National Labor Relations Act and the Fair Labor Standards Act to undue the ill-conceived Browning-Ferris Industries (BFI) decision handed down by the National Labor Relations Board (NLRB) and re-establish the previous definition of joint employer, which served as a cornerstone of labor law for nearly four decades. The monumental shift in labor law established under the BFI decision upended the most basic employment question for any employer: ‘Who do you employ’ and ‘Are you liable for actions and activities for employees that are not your own’? The changes made by the NLRB are having a chilling effect on growth within the lodging sector, particularly in relation to the franchised segment of the industry, which represents nearly three quarters of all lodging properties in the U.S.

The lodging industry is one of the nation’s largest employers. With nearly 8 million employees in cities and towns across the country, the hotel industry provides \$75 billion in wages and salaries to our associates and generates \$600 billion in economic activity from the 5 million guestrooms at the more than 52,000 lodging properties nationwide. It’s particularly important to note that this industry is comprised largely of small businesses, with nearly 60 percent of all hotels falling under the Small Business Administration’s definition of what constitutes a small business in the lodging sector.



Unfortunately, the hotel industry has not been immune to new, expansive joint employer liability lawsuits. The hotel industry is highly franchised but also segmented which makes expanded joint employer liability particularly concerning. At any given hotel property, you could have one of our iconic global brands which has signed a franchise agreement with a separate owner of the hotel, who in turn has hired a hotel management company to run the day to day operations of the property. In many instances, that management company has then outsourced some functions within the hotel – laundry services, valet, landscaping, pool cleaning, banquet service as examples – to any number of small businesses who provide expertise in those specific areas. When considering the expanded joint employment liability under the BFI decision, many hotels have determined that the easiest way to mitigate that risk is to no longer contract with those specialized small businesses.

On behalf of AHLA, I urge you to support H.R. 3441, the Save Local Business Act. Thank you for your consideration of this request.

Sincerely,

Brian Crawford
Vice President, Government & Political Affairs

Cc: House Committee on Education and the Workforce