



**VIA ELECTRONIC FILING**

April 12, 2021

Jessica Looman  
Principal Deputy Administrator  
Wage and Hour Division  
U.S. Department of Labor  
200 Constitution Ave., N.W.  
Washington, D.C. 20210

**Re: Proposal to rescind the final rule entitled “Joint Employer Status Under the Fair Labor Standards Act”**

Dear Deputy Administrator Looman,

On behalf of the Asian American Hotel Owners Association (“AAHOA”) and our members, we welcome the opportunity to present these comments in response to the Wage and Hour Division’s (“Division”) proposal to rescind the final rule entitled “Joint Employer Status Under the Fair Labor Standards Act,” which was published on Jan. 16, 2020, and took effect on March 16, 2020.

AAHOA is the largest hotel owners association in the country. Our nearly 20,000 members own almost half of the hotels in the U.S. With billions of dollars in property assets and hundreds of thousands of employees, AAHOA Members are core economic contributors to virtually every American community. AAHOA is a proud defender of free enterprise and the foremost current-day example of realizing the American Dream.

Nearly all of AAHOA’s 20,000 hotelier members, like many other American small business owners, rely on the franchise model for their livelihoods. For our members, franchising is not simply one of many business models available to them as entrepreneurs; it’s a way of life. Many are first-generation Americans who have passed this way of life on to their children and grandchildren. It is not hyperbole to state that the franchise model has provided a path to achieving the American Dream for nearly all of our members.

The Division’s 2019 Final Rule, which it now seeks to rescind, provided much needed clarity and predictability to the hoteliers who so heavily rely on the franchise model. Stated succinctly, under the Final Rule, joint employer liabilities are not reflexively or unexpectedly triggered by the franchise model that our members successfully utilize so often. The clarity that the Final Rule

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provides allows hoteliers to better understand the downstream business consequences of their decisions and flexibly develop future plans for expansion.

As such, AAHOA does not believe the Final Rule should be rescinded. This is particularly true since the Division proposes no new legal standard to take its place. Adding additional unpredictability to a pandemic-stricken business landscape will only serve to stunt the economic revitalization we are all so eager to realize.

If the Division keeps the Final Rule in place, franchise businesses will surely be better positioned to accelerate the post-COVID economic recovery. In fact, a February, 2021 report from market research firm FRANdata revealed that more than 26,000 franchised business locations and nearly 800,000 franchise jobs will be created in 2021. This outsized growth should be expected as franchising has helped fuel recovery following past economic downturns. After the 2008 financial crisis, for example, employment in the franchise sector grew 7.4%, vs. 1.8% growth in total U.S. employment.

AAHOA strongly believes that rescinding the Final Rule will only serve to slow our recovery at the very time small businesses need assistance the most. AAHOA appreciates the opportunity to comment and welcomes any questions the Division may have. Our organization and its nearly 20,000 members stand ready to collaborate with you on finding policies that will better support both workers and employers.

Sincerely,

Cecil P. Staton  
President & CEO  
AAHOA

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