

FRANCHISING

MAGAZINE USA

How Federal Policy Is Influencing the Franchise Landscape in 2026

By Jamie Izaks | March 2026



Franchising has always operated at the intersection of entrepreneurship, regulation and economic policy. Because the model relies on independent owners operating under shared brand systems, even small shifts in federal policy can influence how confidently brands expand, hire and recruit new operators.

During the Trump Administration, many franchise leaders are watching Washington with renewed interest.

Not because policy alone determines success, but because clarity and stability at the federal level can affect how brands plan for the future. Across the franchise systems we work with, there is less focus on reacting to regulatory uncertainty and more focus on understanding what the current environment means for sustainable growth.

Several areas are shaping that conversation, including proposed legislation affecting the franchise model, public signals of support for small business ownership and ongoing tax and regulatory developments. None of these elements operate in isolation, but together they help frame how franchisors and franchisees think about risk, investment and expansion.

Defining the Lines Between Brand Control and Business Ownership

One of the most discussed developments in franchise policy has been the bipartisan [American Franchise Act](#), which seeks to clarify how the joint employer standard applies to franchising. For years, the joint employer standard has created uncertainty around where franchisor oversight ends and franchisee responsibility begins in employment practices and human resources.

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At its core, the conversation is about preserving the independence of franchisees as small business owners while allowing franchisors to maintain brand standards. Franchise systems can't control day-to-day employment decisions, and franchisees value their autonomy. Clearer guidelines help both sides understand their roles.

The broader effort to define these boundaries reflects a recognition that franchising is a distinct business model. For many brands, greater clarity around this issue makes it easier to design support systems, training programs and operational guidance without fear of overstepping into areas that could blur legal lines.

Franchising in the National Small Business Conversation

Public recognition of franchising as a contributor to small business growth and job creation also shapes industry sentiment. When federal leaders reference franchising as part of the broader small business ecosystem, it signals that the model is understood as a driver of local entrepreneurship.

This does not mean policy becomes simpler overnight, nor does it eliminate regulatory oversight. But acknowledgment of franchising's economic role can influence how the model is discussed in policy and business circles. It also reinforces what many franchise owners already see firsthand: franchising provides a structured pathway into entrepreneurship for people who may not have the resources or infrastructure to launch an independent business on their own.

From a practical standpoint, this kind of visibility can affect confidence. Franchising is a long-term investment, and operators often look for signals of stability when deciding whether to expand or enter new markets. Positive recognition of the sector contributes to validation, which matters in planning cycles that span years, not months.

The Role of Tax Policy in Franchise Planning

Tax policy is another area that quietly but meaningfully affects franchising. Depreciation rules, investment incentives and deductions tied to business ownership can influence how franchisees plan capital expenditures and multi-unit growth.

Franchisees, like other small business owners, rely on predictable tax structures when evaluating investments. That can shape decisions about when to reinvest in locations or expand into additional territories.

Importantly, tax considerations rarely drive decisions alone. They are one factor among many. But when paired with regulatory clarity and stable consumer demand, they contribute to an environment where growth planning feels more grounded.

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How Franchise Brands Are Framing the Moment Through PR

Policy developments do not automatically translate into growth. They must be interpreted, communicated and contextualized for franchisees, investors and employees. This is where communication plays a critical role.

In past years, much of the narrative in franchising focused on protecting the model from uncertainty. Today, industry messaging is gradually shifting that narrative toward measured growth and long-term opportunity.

Strong franchise systems are careful in how they communicate policy changes. Rather than making promises, they focus on what new clarity allows them to do more confidently, such as investing in support infrastructure, refining development strategies or strengthening franchisee recruitment.

A Measured Outlook

Franchising has proven resilient across economic cycles, policy shifts and market changes. That resilience comes from the model itself: shared systems, local ownership and adaptable brands.

Federal policy can influence the environment, but it does not replace fundamentals like strong unit economics, good locations and supportive franchisor-franchisee relationships. The brands that succeed long term are those that plan carefully, communicate clearly and stay focused on delivering value to customers.

In that sense, the franchise landscape today is not defined by politics or policy alone. It is defined by how brands and operators respond to the information available to them, and how they balance opportunity with staying in the guardrails of franchising.