

# [***Fast-food franchisees large and small prepare to politically activate under new California law***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BPH-0HM1-DY7V-G00T-00000-00&context=1516831)

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SACRAMENTO, California ([*KCRA*](https://www.kcra.com/article/california-fast-food-law-franchisees-lobbyists/60364074)) -- Some owners of fast-food chains across California are investing in new, political resources following the passage of the state's fast-food labor law.

The law on Monday triggered a minimum wage increase for all fast-food workers to $20 an hour. Moving forward, a new state council will bargain the annual pay raises and working conditions for the state's nearly half a million fast-food workers until at least 2029.

"We don't want to work with lobbyists; we want to run our restaurants," Harsh Ghai told KCRA 3, California's largest operator of Burger King restaurants.

His company, Ghai Management, owns 200 fast-food restaurants along the West Coast, with most of them in California. In addition to Burger King, the group operates some Taco Bell and Popeyes locations.

But Ghai and other local restaurant owners have said working with lobbyists and politically activating is a step they must take following the last-minute negotiations of the law that went into effect this year. They noted the cost of California's new minimum wage and other impacts fall onto the local franchisee, and not their major corporations. The 25% wage increase adds to their other costs including those associated with branding, rent and other taxes and fees. Ghai said he'll likely have to raise prices and close about six restaurants this year.

California's new law was first proposed in 2021, but its final negotiations at the very end of the 2023 legislative session were done behind closed doors. Sources have told KCRA 3 that the International Franchise Association was part of those discussions to finalize the law, but those discussions were protected under a non-disclosure agreement.

The fast-food industry was mostly represented by the major corporations that were trying to avoid a proposed law that could have held them liable for the workplace violations of their franchisees, including McDonald's and YUM! Brands, the corporation that oversees KFC, Taco Bell, Pizza Hut and The Habit Burger.

"There were some people in the room that were representing our best interests, apparently. But there were no franchisees, and no employers that were actually involved in those conversations. I was told specifically that a non-disclosure agreement was in place, and I wasn't allowed to know about it," Ghai said of the closed-door negotiations.

The powerful Service Employees International Union required the fast-food industry representatives to sign the NDA to build trust during the contentious talks. It's the group's power and influence that has prompted franchisees like Ghai to pay more attention to ***politics***.

Campaign finance data show the SEIU has spent millions swaying California's Democratic-led government. The labor group has spent about $5 million on Gov. Gavin Newsom and his recent political causes. That includes $3.6 million in contributions to his 2021 campaign to fight his recall election and another $1 million to help his latest campaign to help pass his mental health bond measure known as Proposition 1.

The SEIU has also contributed $74,150 to California's Assembly Speaker Robert Rivas since 2012, and since 2012, $90,000 to State Senator Toni Atkins, who was the leader of California's Senate at the time the labor law passed in 2023. These dollar figures only represent just some of the war chest of money the group has spent to keep or install other leaders in office at the state and local levels.

"They've been getting more aggressive in the cities," Ghai told KCRA 3, who said SEIU is trying to push local ordinances to place more regulations on fast-food restaurants in some cities including San Jose and Los Angeles. "We are not able to sit down and actually talk to the people who are trying to pass these ordinances, nor are we able to discuss with city council members as to what they're being asked to introduce by the SEIU."

Ghai said the possible proposed ordinances, which have yet to be made public, include mandatory training for workers on their rights as employees, and a requirement for restaurants to have security guards.

The SEIU did not respond to a request for comment on its new policy pushes at the local level.

"They want to make it much more stringent on us and make it much more difficult for us, and much more costly for us in order to be able to operate," Ghai said. "If I have to pay lobbyists to do this work on my behalf and speak on our behalf because those are the people that are being led into these conversations, that's less money that could be going towards programs for my employees; that's less money that I could be paying my employees."

Gabriela Campbell, a smaller operator of one Handel's Ice Cream franchisee has so far spent thousands on lobbyists and attorneys in an effort to get clarity on the new law. She has been questioning whether her business and other snack vendors like it fall under the new law.

She said even after meeting with Newsom's office on Monday when the new wage went into effect, she still didn't have a definitive answer.

"The main take from the legislative secretary was, 'We're not in. We're not out.' Any the deciding factor seems to be the fast-food council," Campbell said on Monday. "I really hope Governor Newsom's office can talk to the fast-food council to let them know we truly aren't that business that's employing full-time breadwinners."

Campbell noted the meeting included other Handel's franchisees and their lobbyists. When asked how the group will proceed, she said "That's the million-dollar question - literally."

She said in the meeting she reiterated that most of her employees are college or high-school students, with three full-time employees. She said two are over 21; the other is 19 years old.

Campbell has said both the SEIU and the office of the lawmaker who wrote the law, Assemblyman Chris Holden, expressed it was not their intention to put businesses like hers into the law.

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"Our attorney spoke with SEIU a few months ago, and at the time we were told to seek a new bill to exclude us," Campbell said. She said the ice cream parlor franchisees are not trying to be excluded, but for the law to clarify that it's not meant to include them.

Crafting legislation requires the help of lobbyists. She said her group has now tried to contact every state lawmaker for help.

The fast-food council doesn't have its next meeting scheduled.

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By Ashley Zavala

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