April 4, 2020

The Honorable Bryan Barnett
President
United States Conference of Mayors
1620 I Street, NW
Washington, DC 20006

Dear Mayor Barnett:

On behalf of America’s restaurant industry, thank you for the leadership of you and your colleagues during this unprecedented COVID-19 pandemic to keep communities and families safe. Mayors across the country have deemed restaurants an essential service, and many of our members continue to act as cornerstones of their communities by feeding Americans during this crisis through takeout, delivery, and drive-thru services.

The restaurant industry faces an unparalleled and existential crisis. As America’s second largest private sector employer with 15.6 million employees at over 1 million locations in every corner of the country, the negative impacts on our industry hit everyone. The necessary actions taken by state and local governments have forced our members to close or significantly limit their operations. During the first three weeks of March, restaurants lost an estimated $25 billion in sales and laid off 3 million Americans. We estimate that 3% have already permanently closed their doors and 11% anticipate doing so in the coming weeks. The industry is currently forecasting a staggering loss of 5 to 7 million jobs in the coming weeks, and of course no one has guidance on how long this will continue. Without significant recovery packages at the federal, state, and local levels of government, millions of jobs will be lost and properties in every community will be left vacant.

Last month Congress took an important first step on the road to recovery by passing the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Now, our nation’s governors and mayors need to take decisive action. Cash flow is key for restaurants currently as customer traffic and sales have plummeted, and many restaurants have closed their doors. As you review relief efforts in your city and across the nation, we encourage you and your colleagues to consider the following actions under your executive authority or in conjunction with your council:
Direct Aid to Restaurants and Employees

Provide grants to small businesses. Ensure that such support is not limited to restaurants that have closed but to any that can easily demonstrate significant hardship.

Create tax credits with expedited processing for retaining employees during the COVID-19 crisis. Cities should create tax credits for employers who keep employees on payroll to complement the forgivable loans offered in the recently passed CARES Act.

Taxes and Fees

Delay sales tax remittance for restaurants. Allowing restaurants to keep sales tax payments for a period, such as 90 days, will provide much needed cash flow to operators. Sales tax should be allowed to be remitted at a future date without interest.

Defer property, estimated income, corporate income, and franchise taxes. Deferring payments on these taxes for a period interest free will provide cash flow to operators.

Suspend meals taxes indefinitely or allow restaurants to keep meals tax revenue. If a government maintains a meals tax, money should be used to promote restaurant industry to residents within its taxing jurisdiction once crisis is over.

Suspend indefinitely government alcohol control fees, business improvement fees, health department licensing fees, and other hospitality fees/taxes. Many of these taxes and fees are levied at the local level and quick action should be taken to suspend them.

Quickly refund overpayment of estimated taxes.

Commercial Payment Relief

Prohibit landlords from evicting or foreclosing restaurants for non-payment of rent or mortgages during the COVID-19 crisis. Restaurants should be allowed to pay back rent or mortgage payments over a series of months after the crisis abates.

Prohibit utilities from shutting off services to restaurants during the COVID-19 crisis due to lack of payment. Such services include water, electricity, gas, cable, and telephone lines. Restaurants should be allowed to submit back payment over a series of months after the crisis abates.
Regulatory Relief

Suspend any government mandates set to come into effect in the next two months. Restaurants are struggling to keep their doors open or are planning to reopen in the future. Putting new mandates into effect will only inflict more harm on the industry and prevent restaurants from resuming operations when the pandemic abates.

Enact regulatory changes to enable restaurants to function as temporary grocery stores. In many jurisdictions, restaurants have pivoted their operations to serve as small grocery stores or community markets. These changes enable restaurants to continue feeding their communities by utilizing relationships with suppliers. Where necessary, local governments should take action to change any regulations that are impeding restaurants from serving as retail food outlets.

Allow restaurants with valid liquor licenses to sell alcohol for off-premise consumption and for delivery to customers.

Delivery Regulations

Cap delivery fees for restaurants on third party delivery. Despite public claims of helping local restaurants during this crisis, several third party delivery companies continue to charge restaurants exorbitant fees. Even during regular operating times, these fees harm restaurants. During these extraordinary times, the fees are making it impractical for small operators to offer delivery. When necessary, governments should take action to cap fees that third party delivery companies are charging restaurants.

Prevent third party delivery companies from charging restaurants surprise or hidden fees. Certain third party delivery companies have charged restaurants fees that are not clear upfront. Third party delivery companies should be prohibited from charging restaurants fees that are not explicitly agreed to by restaurants in advance.

These actions will not eliminate the impact of the crisis, but they will be important first steps on the road to recovery. Restaurants need to be positioned to spring back into action quickly once the crisis abates to serve our employees, customers, and communities. Thank you for your consideration, and we stand ready to assist as you need.

Sincerely,

Sean Kennedy
Executive Vice President, Public Affairs