



August 3, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Chuck Schumer  
Democratic Leader  
U.S. Senate  
Washington, DC 20510

Dear Speaker Pelosi, Leaders McConnell, McCarthy, and Schumer:

As Congress works to craft the next phase of COVID-19 response legislation, the National Restaurant Association appreciates that bipartisan consensus has developed for a number of items that are important to our industry. We will continue to press for adoption of a broader industry-specific recovery plan but would like to provide our perspective on the proposals currently being discussed for inclusion.

The restaurant and foodservice industry, the nation's second largest private-sector employer, continues to face unique challenges. Since July 1, nearly 100,000 restaurant dining rooms have been shut down a second time by government mandate. The number of restaurants forced to close permanently continues to increase and unfortunately, we remain on track to lose \$240 billion in revenue this year.

Several provisions included in recent Democratic and Republican recovery plans would help provide critical relief to restaurants and employees. These include: a second draw of forgivable Paycheck Protection Program (PPP) loans; improvements to Economic Injury Disaster Loans; longer-term loans with partial forgiveness; enhancements to the Employee Retention Tax Credit and the Work Opportunity Tax Credit; a tax credit for customer and employee wellness investments; a temporary increase to the business meal expense deduction; safe harbor protections from COVID-19 related litigation; and enhancements to COVID-19 testing and reporting. The National Restaurant Association supports these components, many of which are contained in our [Blueprint for Restaurant Revival](#) and we urge you to include them in any final agreement.

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There are two aspects of the Paycheck Protection Program that warrant immediate attention:

***Ensure PPP Loans are Available to More than 45 Percent of Restaurants***

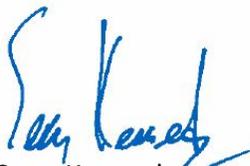
Congress should ensure that the second draw of PPP loans are available to restaurants sustaining economic losses. Current proposals to extend PPP loans would require businesses to demonstrate a 50 percent reduction in quarterly gross receipts over the previous year. While this is appropriate for many businesses, a restaurant's tight profit margin means that even a small reduction in gross receipts can push them into bankruptcy. The proposed threshold would deny access to 55 percent of restaurants, including countless ones struggling to stay open. We urge the threshold be lowered to a 20 percent reduction, which would allow 430,000 restaurants suffering major losses to qualify for a second loan and maintain their payroll and expenses.

***Protect Restaurants from Surprise PPP Taxes***

When Congress created the PPP, your intent was clear that business expenses paid with PPP loans would be deductible from federal taxes. Recent guidance from the Internal Revenue Service reached the opposite result, which will lead restaurants to suffer surprise tax liabilities at a time when they are struggling to stay open. Congress must pass legislation codifying your intent. We appreciate that the House CARES Act addresses this issue, and that bipartisan legislation is pending in the Senate.

The restaurant and foodservice industry will continue to serve America every day, and we remain grateful for the relief you are striving to secure for this country.

Sincerely,



Sean Kennedy  
Executive Vice President, Public Affairs

Enclosure  
National Restaurant Association "Blueprint for Restaurant Revival"