



February 7, 2012

Dear Member of Congress:

On behalf of the National Restaurant Association, I am writing to strongly urge Congress to prospectively and retroactively extend tax provisions that expired at the end of 2011. Two particular provisions of significance to the restaurant industry are: 15-year depreciation for restaurants and the Work Opportunity Tax Credit (WOTC). We urge consideration of these measures as part of the discussions on extending through 2012 the payroll-tax reduction that expires at the end of this month.

At a time of continued economic uncertainty, these provisions provide much-needed clarity for our members about the tax code. Such clarity encourages investment, increases economic activity and helps create jobs.

The restaurant industry plays a significant role in our nation's economy. There are 960,000 restaurant and foodservice outlets in this country. The restaurant industry is one of the nation's largest private job-creators, employing approximately 12.9 million people, representing nearly 10 percent of the U.S. workforce.

The restaurant industry is an industry of large and small businesses with a strong economic multiplier through the supply chain, including the construction industry and other business services. An engine of job creation in every district and state, seven in 10 restaurants are single-unit operators, putting people to work in every community.

Current tax law presents taxpayers with a great deal of complexity and unpredictability. A comprehensive review of the tax system is necessary, and could result in certainty, simplicity and fairness, while encouraging economic growth and job creation. We are dedicated to working with Congress on that important task. But until such reform is ready, extension of certain provisions that expired Dec. 31, 2011, is essential to providing businesses the clarity needed to make investment and employment decisions.

A provision of critical importance to the restaurant industry is the 15-year depreciation schedule for leasehold improvement property, qualified restaurant property, and retail improvement property. Not only is 15 years a much more accurate timeframe for recovering the cost of such investments, this provision is an important driver of economic activity. According to the Bureau of Economic Analysis, every dollar spent in the construction industry generates an additional \$2.39 in spending in the rest of the economy and every \$1 million spent in the construction industry creates more than 28 jobs in the overall economy.

In 2008 and 2009, at a time when the overall economy was contracting, restaurant industry construction spending of \$13.8 billion created 388,000 jobs.

Another significant provision that expired at the end of 2011 is the Work Opportunity Tax Credit (WOTC), a tax credit provided to employers who hire individuals from several targeted groups who face significant barriers to employment. WOTC encourages employers, including restaurant operators, to hire certain categories of individuals with low work skills and other barriers to employment, enabling these workers to move into self-sufficiency as they earn a steady income and become contributing taxpayers. Allowing this provision to expire at a time of intransigent unemployment is a significant setback for job creation.

Both of these provisions enjoy strong bipartisan support. As the economy continues its recovery, businesses need resources to make necessary investments, hire and retain workers, and, in certain cases, keep their doors open. In this regard, we strongly urge Congress to act immediately to both prospectively and retroactively extend these expired tax provisions. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott DeFife". The signature is fluid and cursive, with a prominent loop at the end.

Scott DeFife  
Executive Vice President, Policy and Government Affairs  
National Restaurant Association