

NATIONAL
RESTAURANT
ASSOCIATION



Statement
On behalf of the
National Restaurant Association

HEARING: VACATION NATION: HOW TOURISM BENEFITS OUR ECONOMY

BEFORE: SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE
ENERGY & COMMERCE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

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Chairman Terry, Ranking Member Schakowsky, and members of the subcommittee, thank you for this opportunity to testify before you today on behalf of the National Restaurant Association.

I am Hudson Riehle, senior vice president of the Association’s research and knowledge group. The National Restaurant Association is the leading trade association for the restaurant and foodservice industry. Our mission is to help our members establish customer loyalty, build rewarding careers, and achieve financial success.

RESTAURANTS: AMERICA WORKS HERE

As we sit here today, the nation’s nearly 1 million restaurant locations are starting to gear up for what we hope will be a strong summer season. While our members are looking forward to increased summer sales, we’re especially happy about the hundreds of thousands of jobs we will create because of those sales.

At the National Restaurant Association, we use a simple phrase to tell our industry’s story: “America Works Here.” Restaurants are job creators. Despite being an industry of predominately small businesses, the restaurant industry is the nation’s second-largest private-sector employer. With more than 13.1 million employees, the nation’s nearly 980,000 restaurants employ about one in 10 working Americans.

About half of all adults have worked in the restaurant industry at some point in their lives, and one in three got their first job in a restaurant. We employ more minority managers than any other industry, and nearly six in 10 of our first-line supervisors and managers of food preparation and service workers in 2011 were women.

Although many of our members are still dealing with the effects of the Great Recession, last year we added jobs at a 3.4 percent rate – double the 1.7 percent growth rate in the overall economy. We’re on track this year for our 14th consecutive year of outpacing job growth in the overall economy.

THE IMPACT OF TOURISM ON RESTAURANTS

The fortunes of restaurants are closely tied to travel and tourism. Roughly one in four industry sales dollars come from travel and tourism. The National Restaurant Association’s research shows that the fullservice-restaurant segment derives roughly one-quarter of annual sales from travelers and tourists. The trend is even more prevalent among fine-dining establishments, where travelers and tourists generate about 30 percent of revenues, on average. Percentages are slightly lower in quickservice operations, where about 19 percent of revenues come from travelers and visitors, and fast-casual restaurants, which derive about 15 percent of their sales from travelers and visitors.

The restaurant industry is the nation’s second-largest creator of seasonal jobs during the summer months, and travel and tourism fuels that job creation. In a typical summer season, restaurants will add more than 400,000 jobs. That figure trails only the construction industry, which generally adds about 500,000 to 600,000 summer jobs in normal economic times. Government data show restaurants will boost our average number of employees in the summer months by 7 percent over January levels. In popular tourist areas, restaurant employment jumps by more than 20 percent during the summer months.

Fluctuations in international tourism also have an impact on restaurant sales. The Commerce Department reports that an estimated 65.4 million visitors came to the United States in 2012, up from 62.3 million in 2011. The recent growth in international tourism has helped spur sales gains in casual and fine-dining restaurants, with operators in those sectors reported that travelers and tourists made up a larger portion of their sales in 2012 than in 2011. We look forward to sales continuing to climb, with the Commerce Department projecting 68.3 million international visitors this year and more than 76 million in 2016.

Increased tourism benefits restaurants – and when restaurants do well, the benefits are felt across the economy, in sectors from agriculture to transportation. Every dollar spent at restaurants generates \$2.05 for the rest of the economy. We expect restaurants this year to generate \$660 billion in sales, which results in a total economic impact of more than \$1.8 trillion.

The industry is driving job training, careers, entrepreneurial opportunities and philanthropic contributions in communities across America. Our summer employees are frequently first-time job-holders, often students earning spending money or funds for school. In busy restaurants across the nation this summer, restaurateurs will be helping these employees learn teamwork and a strong work ethic.

SUPPORT POLICIES THAT SUPPORT TOURISM

The National Restaurant Association strongly supports measures to drive stronger travel and tourism to and within the United States. In particular, we support measures to:

- **Reduce barriers to international travel.** The Association has been fighting for decades for common-sense immigration reforms. These must include measures not only to protect our borders, but also encourage legitimate travel to the United States. We support the JOLT Act provisions in the Senate’s bipartisan immigration bill to improve visa processing, enhance security, and drive more U.S. jobs.
- **Step up promotion of the United States as an international destination.** We strongly supported the Travel Promotion Act of 2010. As part of the leadership committee of the Discover America Partnership, we are encouraged by the efforts Congress and the Administration have made – in concert with the private sector – to ensure that the United States comes up to speed with the growth in global tourism. We’re pleased with the launch of Brand USA, the nation’s first global marketing effort to promote the United States as a destination for international travelers. This will translate into more seats booked at

restaurants, more rooms booked at hotels, more airline seats filled, more cars rented, and more retail goods sold. Indeed, virtually every sector of the travel industry stands to benefit.

- **Increase business meal deductibility.** Congress can also promote travel and tourism by taking steps to increase the business meal deduction. Business travel is an important economic driver within the travel and tourism industry. Many businesses of all sizes depend heavily on restaurants as a venue for conducting business. Currently, the business meal deduction is limited to 50 percent of expenses. Increased deductibility would bring the business meal deduction in line with other “ordinary and necessary” business expenses. According to our research, increasing the business meal deduction to 80 percent would increase business meal sales by \$7.9 billion and create an estimated 195,000 jobs.

The National Restaurant Association looks forward to working with this subcommittee and all of Congress on these and other important issues to enhance the benefits of tourism for the U.S. economy.