



May 26, 2021

Honorable Andrew Cuomo  
Chair  
National Governors Association  
444 North Capitol Street, NW  
Suite 267  
Washington, DC 20001

Dear Governor Cuomo:

As state and local policy leaders make policy decisions to accelerate the nation into a stable economic recovery, the restaurant industry should be at the forefront of these conversations. Restaurants were among the first businesses to be shut down last year and will be among the last to recover. Employment in the restaurant industry—pre-pandemic the country’s second largest private sector employer—remains [1.7 million jobs lower](#) than pre-pandemic. Making matters worse, operators are now experiencing a new challenge in finding employees to meet rising demand, leading to short staffing, diminished capacity, and reduced hours for restaurants. This challenge—combined with the ongoing impacts of the pandemic—leaves the industry’s recovery vulnerable if lawmakers do not act.

State and local lawmakers have the power to make a real difference in their local industry’s recovery. Decisive action on the suggestions in this proposal would provide critical tools and opportunities for the hardest hit restaurants struggling to find a new normal. They could help address some of the industry’s long-term obligations and the recruitment challenge, which is expected to continue into the busiest months later this summer.

The [National Restaurant Association](#) has put together this State and Local Blueprint for Rebuilding to assist lawmakers looking to help the industry. We encourage lawmakers to think dynamically and to consider the following policy ideas:

### **Continue Robust COVID-19 Vaccination Efforts and Promotions**

Restaurants will not fully recover until everyone feels safe in public and gathering together. As the vaccine rollout continues, we encourage state and local leaders to think creatively about how to vaccinate as many people as possible. Many restaurants are eager to help incentivize immunizations, and we encourage collaboration with public officials. For example, the Connecticut Restaurant Association and State of Connecticut launched the “Drinks on Us” campaign to offer complimentary drinks to vaccinated patrons beginning on May 19. Customers simply show they have received either one or both doses of a COVID vaccine, and they can select from a list of pre-set drinks (alcoholic or non-alcoholic) from a participating restaurant. Programs like these can serve the dual purpose of safeguarding communities and encouraging Americans to again enjoy their local restaurants.

### **Establish a State-Based Restaurant Grant Fund**

As part of the American Rescue Plan, the federal Restaurant Revitalization Fund (RRF) program provides grants to eligible restaurants who show significant financial loss as a result of the COVID-19 pandemic. Restaurants plan on utilizing this critical aid to help pay existing expenses as well as expenses that may come due in the coming weeks, such as back rent payment. However, the RRF will run out of money well before providing grants to a majority of eligible applicants. To help meet the demand, states should use relief funds to create their own state-based restaurant grant program for struggling restaurants. Utilizing the RRF as a model, states can streamline the application process and save time and money for eligible applicants and for government agencies administering the program.

### **Protect Vulnerable Businesses from Unforeseen Tax Burdens Due to Federal Relief**

States and localities must ensure that any emergency relief funds from 2020 and 2021 are not assessed with any new tax liability. To be eligible for a second draw of the Paycheck Protection Program (PPP), a small business must have sustained major losses during a calendar quarter in 2020. To be eligible for RRF grants, a restaurant must have experienced even greater financial losses totaling more than any amounts received collectively under PPP first and second draw. States must preserve all tax deductibility for business expenses, whether they paid by PPP loans or RRF money. Restaurants strongly recommend that all states conform to the Economic Aid Act of December 2020 and the American Rescue Plan Act of 2021, which preserved favorable tax treatment of any economic relief by excluding it from gross income taxes and preserved full deductibility of eligible expenses. In April 2021, the U.S. Department of Treasury said that such changes would be fully permissible under the American Rescue Plan Act. Preserving favorable tax treatment ensures that federal funds are utilized for the intended purpose of helping restaurants recover from the pandemic.

### **Summer Employee Recruitment and Retention Bonus for Restaurant & Hospitality Workers**

To reduce unemployment and address workforce shortages, state governments should offer a recruitment and retention bonus for restaurant and hospitality workers. This pay can be retroactive for any restaurant and hospitality employee working a consecutive 12-week period from May 1 to October 1, 2021. Employers can apply for conditional approval for the recruitment and retention bonus at the beginning of the time period. These funds would be transmitted to the employer at the end of the 12-week period and processed to the eligible employee.

### **Expand Access to Child Care for Hospitality Workers Who Cannot Work from Home**

The pandemic continues to disrupt child care and in-person schooling, making it very difficult for working parents who cannot work from home. In light of the federal relief dollars allocated for child care, states and localities should expand access to child care, with a particular focus on industries like hospitality that have been devastated by the pandemic and need workers to return in-person in order to rebuild.

### **COVID-Related Unemployed Hiring Tax Incentive**

Governments should create new tax incentives for businesses that hire someone who was unemployed for 24 consecutive weeks or longer. This would provide hospitality businesses additional incentive to hire those who were displaced by the pandemic and need help reentering the job market.

### **Safe Dining Awareness Campaign**

Throughout the pandemic, restaurants made the health and safety of employees and customers a top priority by following federal, state, and local guidance. As local economies reopen, governments should partner with and provide financial support for state restaurant associations via local ad campaigns and public events to highlight the safety of dining out to encourage customers to return to restaurants. The Association mounted a similar [campaign](#) last summer that can be used as a model.

### **Additional Funding for State-Specific Workforce Development Programs**

To address employment struggles, states should use relief funds to expand existing workforce development programs for the restaurant industry or create new programs if none exist. While such programs will not address all of the immediate employment challenges, they would better position the industry to meet employment needs in the future. Pandemic shutdowns have reduced opportunities to grow in the restaurant industry. Additional training programs that set people up for long-term success in hospitality would reverse this trend.

### **Permanently Expand Outdoor Dining**

During the pandemic, state and local governments allowed restaurants to expand operations into new outdoor areas and streamlined the permitting process for restaurants. These new outdoor dining spaces were very popular with customers and allowed restaurants to earn critical revenue during pandemic capacity restrictions. Making these allowances permanent will significantly help during this recovery period as an expanded outdoor area boosts the daily revenue of an average restaurant by 10-20% according to Association estimates.

### **Make Expanded Off-Premises Alcohol Regulations Permanent**

Since March 2020, 37 states have expanded off-premises alcohol regulations to allow for cocktails to-go. Many states have taken action to make these temporary regulations permanent. As consumer trends towards increased off-premises dining will continue post-pandemic, allowing restaurants to accompany meals with alcohol in a safe manner will be critical for operators. Offering alcohol with to-go and delivery options increases off-premises sales an average of 5-10% for restaurants according to Association estimates.

### **Enact Third-Party Delivery Protections for Restaurants Based Upon Transparency and Permission**

Third-party delivery platforms provided essential revenue to restaurants throughout the pandemic and will continue to have a critical relationship with the industry going forward. In December 2020, the Association, in collaboration with DoorDash, UberEats (which has since acquired Postmates), and Grubhub, [released Public Policy Principles for Third-Party Delivery](#) highlighting ways that lawmakers could craft policies to help restaurants going forward. These Principles—such as restaurants have a right to know and determine when and if their food is delivered—provide an important framework based upon transparency and permission. Lawmakers should consider enacting legislation based upon these Principles to codify basic fairness protections for restaurants.

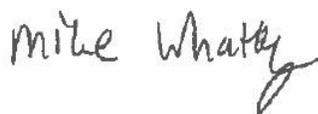
### **Create Grant Programs to Provide Licensing Relief**

States and localities can take immediate steps to relieve restaurants of burdensome licensing and inspection fees. These costs should be foregone as long as the state of emergency exists:

- Liquor License Relief Program: States and localities should suspend liquor license fees on restaurants and the hospitality industry.
- License and Inspection Fee Relief Program: States and localities should suspend license and inspection fees to eligible restaurants that experienced a pandemic-related business decline.

The Association appreciates the efforts of leaders at the state and local level to work with the restaurant industry throughout the pandemic. Their creativity and commitment to our survival has been vital to the survival of restaurants large and small in every community. As we now begin to rebuild our industry, we encourage all legislative leaders to work with the Association and our 52 state restaurant association partners on ideas to help restaurants thrive once again in the future.

Sincerely,



Mike Whatley  
Vice President, State Affairs and Grassroots Advocacy