

**Testimony of  
the New York City Hospitality Alliance  
Before the Committee on Small Business  
November 23, 2020**

My name is Andrew Rigie, and I am Executive Director of the New York City Hospitality Alliance (“The Alliance”), is a not-for-profit trade association representing restaurant and nightlife establishments throughout the five boroughs. I want to thank Chair Mark Gjonaj, and members of the small business committee for the opportunity to testify regarding preventing further business loss during Covid-19’s second wave.

Our city’s hospitality industry has been devastated by COVID-19. The additional restrictions recently implemented reducing operating hours at eating and drinking establishments, the threat of shutting indoor dining again and the cold weather making outdoor dining less helpful exacerbates the economic and social crisis posed by COVID-19’s second wave.

Pre-pandemic NYC’s food and drink places employed over 300,000 New Yorkers and plummeted to 90,000 jobs in April after the initial shutdown. Today, over 130,000 of those people are still out of work. Since the initial shutdown in March, outdoor dining and limited indoor dining have resulted in 100,000 of those jobs returning, but a looming second closure of indoor dining and outdoor dining being severely limited due to the blistering cold winter months threatens the industry’s fragile recovery and would result in many of these jobs being eliminated again.

While we don’t know how many of the city’s 25,000 restaurants and nightlife establishments have officially shuttered because of COVID-19, we estimate the number is in the thousands. A recent report by the state’s comptroller estimated that one-third to one-half of the city’s restaurant and bars could permanently close in the next six-months to one-year, and this is why our industry needs support.

The failure of the federal government to enact the RESTAURANTS ACT and Save Our Stages Act which would provide financial relief to our city’s struggling restaurants and nightlife venues to help them pay rent, payroll, vendors and other expenses makes it more incumbent than ever for our local government to step-up and help.

The NYC Hospitality Alliance is grateful to the City Council for all the policies you’ve enacted thus far to support our industry during the pandemic. We now urge you to consider the following polices to continue supporting the survival of these businesses and jobs during this trying time.

1. **Sales Tax:** Convert sales tax collected by restaurants and bars into grants. These small businesses need an immediate injection of cash to help them survive during the government’s COVID-19 restrictions on their operations. Since these monies are on hand, converting (and/or reverting) the sales tax collection into a grant will help small businesses immediately with needed cash flow while they will also stimulate economic activity.

2. **Rent, Property Tax, Commercial Rent Tax, FICA Tax & Liquor Excise Tax:** Our most recent rent survey found that 88% of restaurant, bar and club respondents could not pay any or full rent in October and only 1 in 10 have renegotiated their leases, which is a troubling pattern reoccurring each month since April. The City should provide: (1) a reduction in property tax payments for these small businesses that pay them as a pass through by their landlords; (2) landlords should be provided tax incentives to forgive back rent and renegotiate new leases; (3) the inequitable Commercial Rent Tax must be eliminated for those businesses subject to the tax; (4) the City and State Finance Departments should permit the FICA Tip Tax Credit to be an allowable subtraction from that business' taxable income; (5) eliminate the unfair liquor excise tax imposed by the City on all local liquor license holders.
3. **Planning, Coordinating and Notifying:** The ever-changing COVID-19 restrictions placed on restaurants and bars pose significant challenges and compound the uncertainty small business owners already have. Ensure that any changes to city laws, regulations and polices affecting the city's hospitality industry limit burdens to the greatest extent possible, are effectively communicated to the industry and implemented efficiently, while providing as much advanced notice as possible.
4. **PPE and COVID-19 Test:** Provide PPE at no charge to restaurants and bars and provide coordinated COVID-19 testing to their employees and conduct additional outreach to businesses to ensure they're aware of its availability.
5. **Data Ownership:** In today's digital world, data is a valuable asset for businesses to market to their customers and enhance operations. Some third-party companies, such as certain delivery and reservation platforms used by restaurants and bars do not share with these businesses their own customer data or they restrict how it is used. Pass a law providing businesses ownership of their customer data (and related analytics) that is collected by third-party companies.
6. **License Renewals:** All licenses and permits such as Health Department permits, etc. must be renewed automatically, and licensing fees be waived until eating and drinking establishments may open at 100% indoor occupancy.
7. **Cut the Red Tape & Reduce Fines:** Review all laws and regulations governing restaurants and nightlife establishments to determine which are antiquated, duplicative or inappropriate. We should then amend or repeal the identified mandates to streamline the permit and licensing process and enhance the experience businesses have when interacting with the government, including making the sidewalk licensing process faster, less expensive and simpler. Also, requiring that inspectors educate businesses first, by explaining why a violation exists and how to correct and prevent it. The goal should be to reduce fines, increase education and compliance, and provide a warning or cure period

before a fine is levied for any violations that do not pose an imminent hazard to the public.

New York City will not recover economically or socially unless our restaurants and bars are at the core of our city's recovery. The policies we've recommended will support small businesses, jobs, our neighborhoods, and our city. We appreciate the City Council and the Small Business Committee for their time and consideration of our comments this matter.

If you have any comments or questions, I am reachable at [arigie@thenycalliance.org](mailto:arigie@thenycalliance.org)

Respectfully submitted,

A handwritten signature in black ink that reads "Andrew Rigie". The signature is written in a cursive, slightly slanted style.

Andrew Rigie  
Executive Director  
NYC Hospitality Alliance