



April 17, 2020

The Honorable J.B. Pritzker
Governor
State of Illinois
207 State House
Springfield, IL 62706

Governor Pritzker,

On behalf of the Illinois Restaurant Association, thank you for your leadership during this unprecedented COVID-19 pandemic to keep communities and families safe. As restaurants are essential services, many of our members continue to act as cornerstones of their communities by feeding Illinoisans during this crisis through takeout, delivery, and drive-thru services.

The restaurant industry faces an unparalleled and existential crisis. As Illinois' largest private sector employer with 588,000 employed at 25,000+ restaurants in every corner of the state, the negative impacts on our industry impact everyone. The necessary actions taken by the state of Illinois and local governments have forced many restaurants to close or significantly limit their operations. During the first three weeks of March, restaurants lost an estimated \$25 billion in sales and laid off 3 million Americans nationally. We estimate that 3% have already permanently closed their doors and 15% anticipate doing so in the coming weeks. Many of our members are projecting that in the next 12 months, as many as 25% of locations will close, and that business levels for many of their remaining locations in twelve months after reopening could be down 30-40%.

The industry is currently forecasting a staggering loss of 5 to 7 million jobs nationally in the coming weeks, and of course no one has guidance on how long this will continue. Without significant recovery packages at the federal, state, and local levels of government, millions of jobs will be lost and properties in every community will be left vacant. Even when the economy begins to reopen, the outlook for the restaurant and hospitality industry is bleak.

Last month, Congress took an important first step on the road to recovery by passing the CARES Act. However, the implementation of the Act as guidance currently allows has not been feasible for restaurants and their team members. We ask for your assistance to urge the federal government to adapt the law and rules on Paycheck Protection Program (PPP) loans so they are practical for the restaurant and hospitality industry to implement.

On the state level, we are now asking you to take additional decisive actions to save Illinois' restaurants. Cash flow is key for restaurants currently, as customer traffic and sales have plummeted, and many restaurants have closed their doors. As every dollar spent in Illinois'



restaurants provides significant sales tax revenue directly into state coffers, any and all state actions to bolster our industry will directly benefit the state.

We realize the extreme strain on state finances during this crisis. As a supplement to direct financial relief to restaurants and our employees, we ask that the state consider pragmatic regulatory measures that will offer operational relief for restaurant operators.

As you consider next steps for relief efforts in Illinois, I ask you to take the following actions under your executive authority or in conjunction with the Illinois General Assembly:

Taxes and Fees

Delay sales tax remittance for all restaurants and bars. The IRA appreciates your directive last month to allow for delayed sales tax remittance for the state's smallest restaurants and bars that incurred less than \$75,000 in sales tax liabilities last year. However, this measure does not provide relief to the majority of Illinois' restaurants and bars that earn more than roughly \$750,000 in overall revenue yearly. We ask that your directive to the Department of Revenue be expanded to include all sales tax liabilities in order to receive this relief. Allowing all restaurants and bars to keep sales tax payments for 60 days will provide much needed cash flow to operators. Sales tax should be allowed to be remitted at a future date without penalties or interest.

Assist businesses with regulatory relief regarding unemployment claims by freezing unemployment insurance rates in Illinois. The coronavirus epidemic has forced restaurants to layoff employees through no fault of their own, and without state action, this will result in sharply higher unemployment insurance payments for restaurants.

Defer property, estimated income, corporate income, and franchise taxes. Deferring payments on these taxes for a period interest free will provide cash flow to operators.

Quickly refund overpayment of estimated taxes.

Direct Aid to Restaurants and Employees

Create tax credits with expedited processing for retaining employees during the COVID-19 crisis. Illinois should create tax credits for employers who keep employees on payroll to complement the forgivable loans offered in the recently-passed CARES Act.

Assist with business interruption insurance. Necessary actions by the state of Illinois and local governments to protect public health have forced many restaurants to close their doors or significantly curtail their operations, resulting in major business interruption losses. Operators



have paid their insurance companies for business interruption insurance for use in these circumstances. However, restaurants across Illinois are seeing their claims denied by insurers due to clauses in the contract exempting viruses or pandemics from claims. Insurance companies are also claiming there has been no physical damage to property. We ask you to take action either to force insurance companies to pay out business interruption claims or to create a state fund to handle such claims.

Commercial Payment Relief

Prohibit landlords from evicting or foreclosing restaurants for non-payment of rent or mortgages during the COVID-19 crisis. Restaurants should be allowed to pay back rent or mortgage payments over a series of months after the crisis abates.

Regulatory Relief

Suspend the Illinois Liquor Control Commission (ILCC) retailers delinquency list for non-payment of liquor invoices.

Remove any restrictions on state liquor license renewals for 90-120 days.

Allow restaurants with valid liquor licenses to sell cocktails/mixed drinks for off-premise consumption and for delivery to customers. We ask ILCC to institute this temporary rule change to benefit thousands of restaurants and bars that rely on the sale of mixed drinks and cocktails. California, New York, and Texas are some of the other jurisdictions that are temporarily allowing for liquor licensees to mix drinks on site and sell them to go or via delivery in sealed containers.

Suspend the implementation of the state's next minimum wage increase until July 1, 2021. Restaurants are struggling to keep their doors open or are planning to reopen in the future. Imposing additional labor costs on restaurants will only inflict more harm on the industry and prevent restaurants from resuming operations when the pandemic abates.

Quickly enact regulatory changes to enable restaurants to function as temporary grocery stores. In many jurisdictions around the country, restaurants have pivoted their operations to serve as small grocery stores or community markets. These changes enable restaurants to continue feeding their communities by utilizing relationships with suppliers. Where necessary, Illinois should take action to change any regulations that are impeding restaurants from serving as retail food outlets.

Delivery Regulations



Cap commission fees on restaurants from third party delivery services. Despite public claims of helping local restaurants during this crisis, several third party delivery service companies continue to charge restaurants exorbitant fees upwards of 30% per order. Even during regular operating times, these fees harm restaurants. During these extraordinary times, the fees are making it impractical for small operators to offer delivery. The state of Illinois should take action to cap commission fees that third party delivery companies are currently charging restaurants.

These actions will not eliminate the impact of the crisis, but they will be important first steps on the road to recovery to keep restaurants open and keep tens of thousands of people employed in our industry.

We also ask that the state of Illinois work with the IRA on restaurant reopening guidelines as permitted by state regulations and public health experts. We hope the state will take restaurateurs' operational, financial, and safety concerns into account as official guidelines are developed. Restaurants need to be positioned to spring back into action quickly once the crisis abates to serve our employees, customers, and communities.

Thank you for your consideration, and we stand ready to assist as you need.

Sincerely,

Sam Toia
President & CEO
Illinois Restaurant Association