



March 19, 2020

The Honorable Amy Klobuchar
United States Senate
425 Dirksen Senate Building
Washington, DC 20510

The Honorable Collin Peterson
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Emmer
United States House of Representatives
315 Cannon House Office Building
Washington, DC 20515

The Honorable Jim Hagedorn
United States House of Representatives
325 Cannon House Office Building
Washington, DC 20515

The Honorable Angie Craig
United States House of Representatives
1523 Longworth House Office Building
Washington, DC 20515

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

The Honorable Betty McCollum
Minnesota House of Representatives
2256 Rayburn House Office Building
Washington, DC 20515

The Honorable Pete Stauber
United States House of Representatives
126 Cannon House Office Building
Washington, DC 20515

The Honorable Ilhan Omar
United States House of Representatives
1517 Longworth House Office Building
Washington, DC 20515

The Honorable Dean Phillips
United States House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

Re: Economic Relief for Hospitality Businesses and Workers Impacted by COVID-19

Dear Senators and Representatives:

We write to request your support of federal economic relief for hospitality businesses and workers impacted by COVID-19/Coronavirus.

Hospitality Minnesota is the umbrella organization representing approximately 2,000 restaurant, lodging, and resort and campground businesses in Minnesota. The hospitality industry is a significant driver of jobs and our economy in Minnesota. This industry employs 300,000 (1 in 10)

workers in our state, generating approximately \$6 billion in wages. The industry generates nearly \$16 billion in gross sales (\$42 million per day) and collects and remits 18% of the sales tax, helping to fund Minnesota's spending priorities. According to the National Restaurant Association, restaurants generate nearly \$11 billion per year in sales in Minnesota and every dollar spent in the table service segment contributes \$1.99 to the state economy. The American Hotel and Lodging Association estimates annual spending by lodging guests at hotels, motels and resorts in Minnesota at \$8 billion and total business sales generated at \$20 billion.

Minnesota's hospitality industry is facing a crisis like never before. The economic impact of COVID-19 and temporary closures is an existential threat to many small and medium-sized hospitality businesses. This industry and its employees are particularly vulnerable to the economic pressures wrought by this pandemic. Many hospitality businesses operate on very thin margins. For instance, many restaurants and other hospitality businesses operate on 2-5% margins, compared to 10% for many other industries. Even prior to the Governor's closure order on Monday, many hospitality businesses in Minnesota were projecting a 30-75% short-term revenue reduction. Many are now looking at significantly deeper losses--including business failure--given the current situation. Businesses that are able to stay open (or re-open eventually) will undoubtedly face serious cashflow challenges in the short-to-medium-term.

While the passage of the Families First Coronavirus Response Act rightly focuses on supporting individual workers, it is now time to turn immediate attention to supporting job creators within the hospitality industry, as well. In fact, while the Act is well-intentioned, its requirement that small businesses front the cost of paid leave benefits, then subsequently pursue tax credits will likely exacerbate the short-term cashflow challenges that many of these businesses already face (if they even have means to pay them at all). Immediate action is required to address this problem through the administration of the Act and we are hopeful that the federal government will find additional ways and means to assist small business in processing these up-front costs.

Given the totality of the circumstances, and the significant impact of the hospitality industry on Minnesota's economy and workforce, we ask that you work to support additional efforts to provide federal relief for our business operators and their employees, including but not limited to:

- Temporarily freeze, defer or reduce any and all tax obligations by hospitality businesses, including payroll taxes, withholdings, quarterly tax payments and filings, etc. in order to help them weather short and medium-term cashflow challenges;
- Provide assistance in allowing hospitality businesses and workers to defer mortgage, lease/rent and other loan obligations;
- Issue direct financial assistance to workers impacted by layoffs or reduced hours/wages, including but not limited to expanded Disaster Unemployment Assistance.
- Create a federal loan program that allows hospitality businesses to obtain no-interest loans equal to the amount of revenue lost in the next 90 days (and perhaps longer), and/or develop other programs to help provide businesses swift access to capital to deal with liquidity issues;
- Expand federal SBA-backed loans for "adversely affected" businesses;
- Fix the Qualified Improvement Property ("QIP") technical correction and allow qualifying businesses to amend their returns accordingly;

- Direct the U.S. Department of Treasury to create a hospitality industry recovery fund, including grants to assist in providing liquidity to businesses, as well as to retain and rehire employees;
- Provide tax credits for businesses that retain or quickly rehire employees in the aftermath of government-ordered closures;
- Allow individuals to temporarily access funds from 401(k)s or other tax sheltered accounts without penalty; and
- Appropriate funds for Community Development Block Grants for Disaster Relief assistance to help hospitality businesses (which are instrumental to their communities in so many ways) remain viable;

These are some of the steps that the federal government can take swiftly to help sustain this critical industry, but there are certainly others.

We are here to serve as a resource for you as you contemplate how to best support American workers and hospitality businesses as they try to survive this current crisis.

Please let us know if you have any questions or if we can be of additional assistance to you.

Sincerely,

A handwritten signature in black ink that reads "Liz Rammer". The signature is fluid and cursive, with "Liz" on the top line and "Rammer" on the bottom line.

Liz Rammer
President and CEO