



August 7, 2020

The Honorable Aaron Michlewitz
State House, Room 243
Boston, MA 02133

The Honorable Michael Rodrigues
State House, Room 212
Boston, MA 02133

The Honorable Ann-Margaret Ferrante
State House, Room 42
Boston, MA 02133

The Honorable Eric Lesser
State House, Room 410
Boston, MA 02133

The Honorable Donald Wong
State House, Room 541
Boston, MA 02133

The Honorable Patrick O'Connor
State House, Room 419
Boston, MA 02133

Re: Economic Development Bills – House 4887/Senate 2874

Dear Conference Committee members,

Thank you to each of you for your leadership and for being continued champions for the restaurant industry.

As you well know prior to the pandemic, the Massachusetts restaurant industry was a vital cog in the Massachusetts economy, employing nearly 10 percent of the state's workforce not including any of the business partners that support the industry supplying the goods and services restaurants purchase. The MRA has always advocated on behalf of the restaurant industry. Massachusetts Restaurants United (MRU), a coalition of independent restaurants, and several other groups have come together to support and advocate for relief in these extraordinary times. Today we speak to you as one.

Massachusetts restaurants were on pace to collect more than \$1.3 billion in meals tax revenue for the Commonwealth this year. Every dollar spent in Massachusetts's restaurants generates an additional \$.95 in sales for the state economy, while every million dollars spent generates 21.5 jobs.

It is difficult to comprehend the devastation of COVID-19 on our once flourishing sector. Across the state, most restaurants are reporting less than half of normal revenues. Our businesses have shed thousands of jobs, slashed hours of operation, and owners have dipped into personal savings to cover rent, payroll, cleaning supplies, PPE, and other mounting bills. According to a recent survey, more than 40 percent of the state's restaurants have already missed at least one rent payment. Most are struggling to piece together a viable business model through take-out, delivery, and outdoor dining, while the math stubbornly refuses to add up. Nearly a quarter of the state's restaurants have closed entirely. Sector analysts suggest that without government support, half of the state's restaurants could disappear before a vaccine is widely available. The toll on Black-owned, Latinx-owned, and immigrant businesses will be even greater, as they confront a perfect storm of even harsher health and economic shocks and significantly less financial support.

As you and your fellow conferees work to finalize an Economic Development bill, we hope that you will include the following measures that will greatly assist the Massachusetts restaurant industry:

Distressed Restaurant Fund

We were elated to see that both the House and Senate recognize the need for a distressed restaurant fund. With most operators reporting only a fraction of normal revenues, costs have only risen. Rent, payroll, utilities, insurance, outstanding tax collections and other operating expenses continue to mount. Operators have outstanding vendor bills incurred during the pandemic, in addition to restocking shelves for re-opening. Finally, operators are incurring increased costs as it relates to acquiring PPE and safety precaution measures.

To save as many restaurants as possible by creating some bridge relief into 2021, we ask that the House and the Senate adopt and build upon the strong support for restaurants in the bills that have already passed both bodies. We urge you and your fellow conferees to put as much money as possible into this fund and as quickly as possible, so that operators can begin to apply for this much needed grant program. We strongly urge that the final language authorize the fund to build upon any initial dollars directed to it by receiving and distributing further revenues, appropriations, gifts or grants in the future.

Third-party delivery companies

Even before the pandemic, third party delivery companies were a source of frustration for our industry, with many of these delivery platforms charging up to 30% commission on individual orders. Many of these platforms have faced lawsuits from the industry, after implementing various business practices designed to upcharge commissions for local restaurants. Some of these tactics include fake domains that resemble real restaurants, listing restaurants that have not yet agreed to partner, and swapping out phone numbers for third-party delivery platform-affiliated ones to bill higher commissions.

Recent media reports suggest that delivery company earnings skyrocketed in the last quarter, even while restaurants faced their worst period in living memory. These record earnings are on the backs of struggling small restaurant operators and entirely hidden from our customers. In Massachusetts, we have about three months left of outdoor dining, as the weather will most likely preclude many operations from continuing. Consumers have become accustomed to delivery and we expect it will increase dramatically during the winter months with the loss of outdoor seating. We hope that the conferees will see that small restaurant businesses are protected from predatory actions of large national corporations.

Codify Outdoor Dining Regulations

Both the House and Senate have passed legislation that will codify the Governor's Executive Order authorizing the expansion of outdoor dining in the Commonwealth. However, this language has passed in different legislative vehicles.

The Governor's order expires on November 1, while the legislative language will allow expanded outdoor dining regulations to occur until November 30. Operators will need these extra 30 days of outdoor dining opportunities.

Collection, remittance, and accrual of interest on outstanding meals tax collections

Through executive order, the Governor waived interest and penalties for meals tax filers collecting less than \$150,000 until 6/20. Two days later, the Governor waived filing and remittance penalties for all meals tax filers. The accrual of interest on the second group was not addressed in the executive order and remains as an action item we hope is addressed by the legislature.

On June 18, The Governor, Senate President Spilka and House Speaker DeLeo issued a joint statement that said the following:

Governor Charlie Baker, Lt. Governor Karyn Polito, Senate President Karen Spilka and House Speaker Robert DeLeo today announced additional administrative tax relief measures for local businesses that have been impacted by the ongoing COVID-19 outbreak, especially in the restaurant and hospitality sectors.

This tax relief builds upon previous similar tax extensions and includes postponing the collection of regular sales tax, meals tax, and room occupancy taxes for small businesses that would be due from March through August, so that they will instead be due in September. Additionally, all penalties and interest that would otherwise apply will be waived.

This issue has not been resolved, and meals tax filers continue to see interest accruing on their account for filings that are due on September 20.

On behalf of the 16,000 Massachusetts food and beverage operations and more than 300,000 restaurant employees that make up our beloved industry, it is our sincere hope that you and your fellow conferees will include these provisions in the Commonwealth's Economic Development Bill.

Sincerely,

Bob Luz
President & CEO
Massachusetts Restaurant Association

Nia Grace - Darryl's Corner Bar & Kitchen
Royal C. Smith - District 7 Tavern
On behalf of the Boston Black Hospitality Coalition

Tony Maws - Craigie on Main, Craigie Burger
Jody Adams - Porto, Trade, Saloniki
On behalf of Massachusetts Restaurants United

Chris Jamison - COJE Management Group
On behalf of the Boston Restaurant Coalition