



## House Ways and Means Committee

### Subcommittee on Select Revenue Measures

#### Hearing on “Restaurants in American during the COVID-19 Pandemic”

September 25, 2020

#### Witnesses

- [The Honorable Buddy Dyer](#), Mayor, Orlando, Florida
- [Sondra Bernstein](#), Owner and Proprietor, The Girl and the Fig
  - [Christine Hà](#), Owner and Chef, The Blind Goat
  - [Mario Sandoval](#), Culinary Worker, Las Vegas, Nevada
    - [Saru Jayaraman](#), President, One Fair Wage
- [Melvin Rodrigue](#), Chairman of the Board of Directors, National Restaurant Association

#### Member Opening Statements

**Subcommittee Chairman Mike Thompson (D-CA)** stated that American restaurants and restaurant workers are a resilient force, but the challenges presented by COVID-19 are unlike any other. He added that restaurants are uniquely vulnerable to the current public health crisis. He highlighted that though restaurants are adapting to public health guidelines and social distancing, they will face a hit to outdoor dining as the weather changes and stressed that one in four unemployed Americans are restaurant workers. Chairman Thompson pointed to the employee retention tax credit, stimulus checks, and additional unemployment benefit arguing that they were significant benefits. He closed by commenting that the HEROES Act would greatly benefit restaurants and restaurant workers, but the Senate has not acted.

**Subcommittee Ranking Member Adrian Smith (R-NE)** expressed his frustrations that the hearing does not fall within the Subcommittees’ jurisdiction. He suggested full Committee hearings on tax measures, employee retention credits, economic relief payments, and enhanced employment benefits. He commented that Democratic leadership prefers holding messaging hearings rather than having conversations to take real action. He highlighted that Republicans have ideas on how to help workers recover, defeat COVID-19, and reopen the economy.

#### Questions and Answers

**Subcommittee Chairman Mike Thompson (D-CA)** asked Mr. Dyer how the pandemic will affect Orlando’s economy without additional federal relief. Mr. Dyer responded that restaurants and small businesses will be forced to close without additional relief and people will be out of work. He further described that the city government would have to cut services, as they would be unable to raise taxes on citizens. Rep. Thompson asked Ms. Bernstein what operating at reduced capacity means for a

restaurant owner. Ms. Bernstein responded that her restaurant has seen 100,000 fewer guests than last year, her staff is significantly smaller, and her catering business is running at 5% of normal operations. She stated that food costs have increased, and she still has to pay rent, but does not want to raise her prices to help the community. Rep. Thompson asked Ms. Ha how an employee retention tax credit would help her maintain her staff. Ms. Ha answered that the PPP allowed her to pay her staff a fair wage and supplement the loss of tips, so any financial relief or tax credits would greatly help her restaurant operate. Rep. Thompson asked Ms. Jayaraman if the nature of how restaurant workers are paid adversely affects them. Ms. Jayaraman confirmed that the restaurant industry has the lowest paid workforce and that restaurant workers need to be paid a livable wage.

**Rep. Tom Rice (R-SC)** expressed his frustrations over Democrats holding up Republican attempts to provide aid to the hospitality industry.

**Rep. Lloyd Doggett (D-TX)** expressed his frustrations over Senate inactivity and called for assistance for the music industry.

**Rep. David Schweikert (R-AZ)** asked Mr. Rodrigue what the future of restaurants looks like. Mr. Rodrigue responded that the future of full-service restaurants is very bright as restaurants are the cornerstones of communities and takeout will not become the norm. Rep. Schweikert asked Ms. Ha if pickup and delivery can sustain a business. Ms. Ha answered that her revenue has experienced a 90% drop, which is not sustainable in the long term, especially as many delivery apps take a portion of revenues.

**Rep. John Larson (D-CT)** asked Mr. Dyer if state and local property tax relief is helpful. Mr. Dyer responded that COVID-19 will have a lasting effect on the revenues of local governments, so any relief would be helpful. Rep. Larsen asked Ms. Jayaraman how protecting the paychecks of restaurant workers will deliver relief to women and people of color. Ms. Jayaraman answered that that the restaurant industry is disproportionately women and people of color, but they do not have equity within the industry.

**Rep. Linda Sanchez (D-CA)** asked Mr. Dyer about a possible budget shortfall for Orlando. Mr. Dyer responded that greatly reduced sales tax revenues will have a larger impact on the county government, while Orlando relies on property taxes and the effects of that will be felt next year.

**Rep. Darin LaHood (R-IL)** asked Mr. Rodrigue about how restrictive policies put in place by states have affected the restaurant industry. Mr. Rodrigue responded that it has been extremely difficult to navigate the different policies of states and confusion over policy makes it hard to operate.

**Rep. Suzan DelBene (D-WA)** asked Ms. Bernstein about how the expanded employee retention tax credit and a 50% credit for operational costs would better position her restaurant and workers to prepare for the winter. Ms. Bernstein responded that she may not be able to open this winter, so she may not retain her workers just for takeout business.

**Rep. Gwen Moore (D-WI)** asked Mr. Rodrigue about the importance of unemployment insurance for workers who cannot return to work. Mr. Rodrigue confirmed that unemployment benefits are an important factor and must be balanced with relief for restaurants.

**Rep. Jodey Arrington (R-TX)** asked Mr. Rodrigue how Congress can help people without hurting the restaurant industry in light of the government making it difficult for restaurants to reopen. Mr. Rodrigue responded that it is difficult to get employees to return to work when they are incentivized not to. Many restaurant operators believe that they will not survive the next six months without additional federal aid.

**Rep. Brendan Boyle (D-PA)** asked Ms. Jayaraman if the pandemic will lead to better compensation and support for service industry employees. Ms. Jayaraman confirmed that the pandemic revealed the untenability of the industry's compensation system, especially as workers are not willing to return to work and risk their health for such low wages.

**Rep. Donald Beyer (D-VA)** asked how the CARES Act and PPP can be changed to help restaurant sustainability. Ms. Bernstein responded that additional funding through the PPP would be helpful, but the unpredictability of the pandemic makes it difficult to know the future. Ms. Ha answered that her restaurant needs fewer restrictions on federal aid and help with operating costs and paying for PPE.

**Rep. Thomas Suozzi (D-NY)** asked Mr. Rodrigue how many restaurant workers are unemployed. Mr. Rodrigue responded that 7M of 15M restaurant employees are currently unemployed.

**Rep. Mike Kelly (R-PA)** asked Mr. Rodrigue what Congress can do next that would be helpful. Mr. Rodrigue responded that a restaurant-specific bill would be the best action, but any aid that would allow employees and customers to return would help.

**Rep. Danny Davis (D-IL)** asked Ms. Jayaraman about the policies that would be most helpful for workers in the immediate future. Ms. Jayaraman responded that if employees must return to work, they need to be paid higher wages and their needs must be included in any federal aid.

**Rep. Judy Chu (D-CA)** asked Ms. Ha about her experience applying for financial relief programs. Ms. Ha responded that the EIDL and other processes were confusing, and she applied to multiple banks. She did not receive funding until the second round through a lender that supplies some of her equipment.

**Rep. Ron Estes (R-KS)** asked Mr. Rodrigue about the actual wages of restaurant workers. Mr. Rodrigue explained that restaurant workers make over their base rate of pay with gratuities, which employers will meet if workers do not earn it.

**Rep. Dan Kildee (D-MI)** asked about restaurants accessing local relief funds. Ms. Ha responded that she is waiting to hear back on a local government grant, and she applies to any available government aid. Ms. Bernstein answered that her restaurant typically does not qualify under local aid as it is viewed as a larger business.

**Rep. Brad Schneider (D-IL)** asked how businesses plan for uncertainty. Ms. Bernstein responded that she will shut down as much as possible and close the cash dam to survive until spring if she does not receive any additional assistance. Ms. Ha answered that she is very transparent with her staff and will have to tell them to expect decreases in their paycheck and possibly a shut down.

**Ranking Member Adrian Smith (R-NE)** asked if PPP should be extended as soon as possible. All of the witnesses confirmed.

**Rep. Jimmy Panetta (D-CA)** asked how helpful tax credits would be to offset expenses. Ms. Bernstein and Mr. Rodrigue both confirmed that tax credits would be incredibly helpful.

**Rep. Stephanie Murphy (D-FL)** asked Mr. Dyer how Orlando has helped restaurants operate during the pandemic. Mr. Dyer responded that Orlando is working with restaurants to find creative ways to expand capacity and get back in business.

**Rep. Steven Horsford (D-NV)** asked Mr. Sandoval why the right to return to work is important. Mr. Sandoval responded that he needs to return to work to provide for his family and support his community as an employee in the service industry.