



NC Restaurant  
& Lodging Association

Hon. Tim Moore  
Speaker – N.C. House of Representatives  
16 West Jones Street, Rm. 2304  
Raleigh, NC 27601-1096

Dear Mr. Speaker:

The COVID-19 virus pandemic has been devastating to North Carolina restaurants, hotels, and their employees. Restaurants are closing their doors and laying off employees, while trying to shift to the model of food delivery and pick-up. Hotels are losing meetings and conventions left and right. They, too, are laying off workers.

All are working feverishly to adjust their business operations to the latest directives from Washington, D.C., the CDC, and the Governor's Office. Over the last few days, we have reached out to our hospitality industry partners for their feedback on a variety of policy proposals that could assist business owners and their employees during this unprecedented challenge.

On behalf of the 18,000 restaurants and 1,800 hotels in North Carolina, we are asking for your immediate assistance. Due to the circumstances caused by the COVID-19 pandemic, our restaurants and hotels need swift action from lawmakers to shore up the industry which supports 13% of our state's workforce and contributes \$23.5 billion dollars to the state economy annually.

Attached is a list of policy proposals that would give a lifeline to our members and allow them to survive this extraordinary emergency. Please review these proposals for possible action by the General Assembly when you return to Raleigh. We would welcome the opportunity to discuss these with you in person or on a conference call.

With best personal regards,

Lynn Minges, President & CEO

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## **Guidance for Economic Stimulus:**

**Cash flow is key** for the hospitality industry currently as customer traffic and sales have plummeted. Many of our restaurants are making the tough decision of having to lay off employees and risk not being able to hire them back after the crisis. Many of our members will also not be able to economically weather this storm and will not reopen. Below is a menu of options for policymakers to assist the restaurant and lodging industry during this critical time.

- Direct Aid to Restaurants and Employees:
  - State grants or no interest loans to small businesses to retain employees; ensure that such support is not limited to restaurants and hotels that have closed but to any that can easily demonstrate significant hardship.
  - Tax credits with expedited processing for retaining employees during the COVID-19 crisis.
  - Business Interruption Coverage insurance is not covering losses due to COVID-19. We have seen other states such as New Jersey file legislation that would force carriers to pay for business interruption losses due to COVID-19.
  - Regulatory relief for restaurants regarding unemployment claims.
  - Allow establishments who are able to pay their employees during this interim period and not lay them off to be reimbursed from the N.C. Unemployment Trust Fund rather than unemployment being paid to the employees. This would be a method to put employees on a “stand-by status” to allow for quick reengagement instead of lay-offs.
  - Bridge employment retention – as dining rooms are closed and restaurants and hotels are shut for various reasons, we need to keep people on as employees – and get them back in the restaurants as soon as possible when we are cleared– by tapping into government support. Washington State has just passed similar legislation which can be found [here](#).
  - SNAP Flexibility for Low-Income Jobless Workers.

- Taxes and Fees:

- Suspend or defer payment of quarterly income tax payments, monthly sales tax collections (both state sales tax and local occupancy & meals tax) and corporate franchise tax indefinitely.
- Authorize tax credits for businesses who retain employees during the COVID-19 crisis.
- Suspend indefinitely business improvement fees/taxes.
- Suspend or defer payment of 2020 property taxes to city and county governments.
- Quickly refund overpayment of estimated taxes.
- Clarify that third-party delivery services must collect and remit sales and local meals taxes in compliance with the new marketplace facilitator law effective February 1, 2020, as proposed in draft bill from Revenue Laws Study Commission. Prior to this crisis many services were refusing to comply and asking NCDOR for an exemption. This added confusion leads to more work and fear of audit on restaurants in a time when they are forced to only serve through delivery and take out means.

- Payment Relief/Flexibility:

- Prohibit landlords from evicting restaurants for non-payment of rent during the COVID-19 crisis. Allow restaurants to pay back rent over a series of months after the crisis abates or at the end of their lease.
- Prohibit utilities (including telecom) from shutting off services to restaurants and hotels during the COVID-19 crisis due to lack of payment. At the very least, we will need significant increases in payment periods. Communications-related utilities (internet/phone) are extremely important to order taking and delivery options.
- Extend the window for restaurants and hotels to make payments on COVID-19 related expenditures.

- Government Mandates:
  - Suspend any government mandates set to come into effect in the next two months.
  - Extend deadline for renewing ABC permits which are due April 30.
- Delivery/Curbside Regulations:
  - Allow restaurants with valid liquor licenses to deliver/curbside/takeout alcohol to customers.
  - Facilitate permitting for restaurants to offer curbside pick-up and to allow the transition of dining room employees to delivery drivers, if necessary.