



MICHIGAN
RESTAURANT
& LODGING
ASSOCIATION

TM

MICHIGAN RESTAURANT & LODGING ASSOCIATION

Mission to Save Hospitality

WELCOME
— WE ARE —
OPEN
— PLEASE COME IN —

VALUE. VISION. VOICE.

BACKGROUND

The Michigan Restaurant & Lodging Association's (MRLA) "Mission to Save Hospitality" is a series of public policy solutions designed to help the most devastated industry of the COVID-19 pandemic survive the catastrophic economic fallout it has endured so that it may once again serve as a catalyst for economic growth and opportunity in our state.

Through February 2020, the Michigan restaurant and hotel industry was thriving, having outpaced the overall economy in job and wage growth the last several years. Similarly, our travel and tourism industry had capitalized on the popular Pure Michigan campaign to levels one might not have dreamed of a decade earlier and boasted one of the largest hotel pipelines in the entire country.

Combined, the broader hospitality industry accounted for nearly 10 percent of Michigan's Gross Domestic Product (GDP) and more than one in eight of its workers. Then the bottom dropped out when COVID-19 became a global pandemic.

On March 16, 2020, the eve of St. Patrick's Day, the hospitality industry ground to a devastating halt. Restaurants and bars were forced to close by Executive Order and travel was restricted, leaving most hotels with little to no occupancy.

Revenue dried up – nearly \$8 billion lost overall in Michigan – as did employment for one of the largest job providers in the state. Over 350,000 people in the hospitality industry have been furloughed or laid off since March 16. Michigan has permanently lost nearly 1,000 restaurants already, and the worst may yet to be realized.

The road back will be long as a wary public remains uncertain whether it should venture out. Strict social distancing regulations limit revenue opportunities and imperil profitability for restaurants. New regulations to ensure the safety of guests and employees alike, while necessary, are cumbersome and another reason why the vast majority of restaurants do not believe they will be profitable at all over the next six months.

Michigan's hospitality industry sacrificed itself nobly for the greater societal cause of health and safety during the COVID-19 crisis. In fact, it rose to the occasion providing countless free meals to those working on the front lines, or offering a safe and comfortable bed to those suffering the worst.

Our restaurants and hotels came through for all of us when it mattered most in our communities and now it is time for our elected leaders to be there for them while there is still an industry to save. The MRLA will lead the charge, educating and advocating on what is necessary, but we are actively calling on all of our leaders, from the governor to the Michigan legislature and even our local leaders to think big, be bold and act fast.

We can promise you that an investment in Michigan's hospitality industry today will result in a better, brighter tomorrow and create a quality of life that one can only describe as Pure Michigan.



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THE HOSPITALITY INDUSTRY ECONOMIC IMPACT

Published June 15, 2020

The hospitality industry has suffered the
MOST SIGNIFICANT SALES & JOB LOSSES OF ANY INDUSTRY
during the COVID-19 pandemic.

74%

OF RESTAURANTS
PROJECT THEY WON'T BE
PROFITABLE OVER THE
NEXT 6 MONTHS

Michigan's hospitality industry lost
approximately

\$8 BILLION

in sales since March 16

NEARLY

1,000

RESTAURANTS HAVE ALREADY
CLOSED PERMANENTLY



AS OF JUNE 10, MORE THAN 6 OUT OF 10
HOTEL ROOMS SAT EMPTY

350,000

Hospitality industry employees have been furloughed or
laid off in Michigan

For more information & resources, visit mrla.org/coronavirus

PRIORITIES TO SAVE OUR INDUSTRY

Alcohol Service Initiatives

- Allow for bars and restaurants to sell distilled spirits for carry out or delivery, commonly known as “cocktails to go”.
- In order to mitigate the loss of revenue for on-premises establishments, increase the on-premises retail rebate from 17 percent to 30 percent through 2021.
- Allow for and encourage local municipalities to establish “social districts” where alcoholic beverages may leave the premises where originally purchased.
- Grant an SDM license to restaurants and bars with a “Class C” license for the remainder of the year to allow the sale of beer and wine to go.
- Allow establishments to responsibly add additional outdoor seating via an expedited permit and approval process facilitated by MLCC.
- Allow for owner/operators to add an additional bar to accommodate increased outdoor seating via an expedited permit and approval process facilitated by MLCC.
- To increase incentive to have customers return to on-premise locations allow for buy one/get one or similar promotions in partnership with Michigan based and national brands.

Travel/Tourism Initiatives

- Dedicate a portion of COVID-19 federal relief dollars to finance a reasonable investment in the Pure Michigan campaign in 2020.
- Enact a long-term solution to fund Pure Michigan by incorporating short-term rentals into the process of direct marketing responsibility on behalf of the industry.
- Establishment of a Hospitality Industry Recovery Fund to provide direct relief to the most negatively impacted restaurants and lodging facilities.

Liability Relief + Mitigation Initiatives

- Establish prospective business interruption insurance reform at the state level to allow for claims specifically derived from viruses.
- Enact substantive liability protections for restaurants and hotels that meet or exceed safety regulations enacted through Executive Orders.
- Offer a temporary ban on commercial real-estate foreclosure for 90 days after complete re-integration of our industry into the economy.

Food Safety Initiatives

- Provide all food service employees in MI with Food Handler food safety training using COVID-19 federal relief dollars.
- Transfer the responsibility of inspections from the local county-based health departments to Michigan Department of Agricultural and Rural Development. This will ensure uniformity in enforcement.
- Use COVID-19 federal relief dollars to subsidize the cost of Personal Protection Equipment for restaurant and hotel operators, who bear a disproportionately heavy burden given the public-facing nature of the industry.

PRIORITIES TO SAVE OUR INDUSTRY

Third-Party Delivery Reform

- Place a reasonable cap on third-party delivery companies that have used the closure of dining rooms to extract egregious delivery fees from independent restaurants.
- Require third-party delivery companies to receive explicit approval by a restaurant for any use of their logo or other trademarked material.
- Require third-party delivery companies to certify their drivers in both food and alcohol safety practices.
- Absolve a restaurant of all food safety liability once a third-party delivery company leaves the premises with the meal.

Unemployment Insurance Initiatives

- Executive Orders have granted a “hold harmless” provision as it pertains to the experience rating, which dictates the rate at which businesses pay unemployment insurance taxes. To prevent a substantial and immediate increase of that rate to the state maximum by restaurants and hotels who were forced to lay off approximately $\frac{3}{4}$ of all employees, extend indefinitely the hold harmless provision for all employees laid off as a direct result of COVID-19 closure or travel bans.
- Make permanent the expansions of the Work Share program to allow for needed flexibility in the hospitality industry.

Tax Policy Initiatives

- Retroactive to March 1, 2020, six-month deferment of state income taxes, with no interest and penalties on employer share of payroll tax.
- Retroactive to March 1, 2020, institute a twelve-month deferral of property tax payment with waiver of interest and penalties.
- Retroactive to March 1, 2020, authorize 2020 employer state payroll deferral, with 50 percent of the liability due in 2021 and 50 percent of the liability due in 2022.
- Retroactive to March 1, 2020, institute a six-month deferral of state and local indirect taxes with waiver of interest and penalties. The state and local indirect taxes include but are not limited to hotel occupancy tax, sales tax, use tax, excise tax, gross receipts tax, et cetera. As part of this deferral, also defer the corresponding monthly tax filing related to the state and local indirect taxes.