



**Kansas Restaurant & Hospitality Association
Testimony on
Economic Recovery Linked Deposit Program
Senate Financial Institutions and Insurance
May 15, 2020**

The Kansas restaurant and hospitality industry has never experienced the level of government intervention as we have in the past two months. While our association understands the need to stand down our businesses under threat of the COVID-19 pandemic, please know it came at a significant cost. I have provided a handout with some stark numbers; Since March 1 we have lost \$325 million dollars in sales, 64,000 restaurant employees have been laid off or furloughed, and 38% of restaurants have closed at least temporarily.

Please know, if you choose, as a legislative body to do nothing until next January, many of your favorite places will be out of business. Most small restaurants had an average of 20 days cash reserves. Unfortunately, nearly 60% of our customers don't expect to go to a restaurant within the next month at the earliest. Simply being open does not mean our restaurants are able to break even.

Specifically, regarding the Economic Recovery Linked Deposit program, the KRHA asks you include this measure as an alternative to secure long term financing. While the federal PPP loan program was helpful to some, we continue to work with Congress to fix the structural issues that prohibit other small businesses from justifying it as a meaningful financial tool.

Additionally, we have asked other House and Senate committees to consider these additional issues:

- Eliminate the penalties and interest on property taxes until the emergency order ends.
- Eliminate pre-paid sales tax to avoid the same cliff if another government shutdown occurs.
- Allow for the selling of growlers, wine and mixed drinks to go.
- Limit legal liability for public facing entities complying with public health guidance.
- Secure the linked deposit loan program to create a long term financing tool for access to capital.
- Finally, oppose the KDOL proposed rule of presumed workers compensation COVID-19 liability.

Our experience is there is no government program that can replace a meaningful business. However, supporting the Economic Recovery Linked Deposit program will help and KRHA encourages the legislature to find a way to get this issue over the finish line.