



# Restaurant Promotion Commission

The Impacts of Covid-19 & Strategies for Recovery



March 30, 2021

## **INTRODUCTION**

Over the course of October 2019 through March 2020, this commission met eight times to review and develop recommendations and best practices for the promotion and continued growth and vitality of the restaurant industry in the Commonwealth of Massachusetts. The commission's various meetings around the state, along with stakeholder engagement, provided visibility into our many strengths and the challenges that the industry faces in an ever-changing economy. We thank the Governor and the Massachusetts General Court for empowering this group.

## **CHANGED LANDSCAPE**

As we closed in on a final report in March 2020, the COVID-19 global pandemic struck and created previously unimaginable disruptions for the restaurant industry. The challenges outlined in the original report produced by this commission are modest in nature compared to the crisis currently facing the industry. The economic harm that has spread alongside COVID-19 has devastated restaurants across the state.

According to OpenTable, reservations in Massachusetts were down approximately 52% by Friday, March 13, as residents reacted to the outbreak of the virus. By Sunday, March 15, Governor Baker had announced that bars and restaurants must limit operations to take-out and delivery in the interest of public health as the state worked to contain the outbreak. This commission originally planned to meet on Monday, March 16 to vote on a final report. A few days later, the Small Business Administration (SBA) issued a disaster declaration for the Commonwealth of Massachusetts.

From March 17 until June 1, the restaurant industry functioned in a take-out and delivery manner until the state's phased reopening plan permitted outdoor, on-premises dining. Consumer spending by Massachusetts residents at restaurants and hotels reached its nadir on April 13, down nearly 71% when compared to January 2020, according to Opportunity Insights research. Early in the pandemic, Massachusetts had been one of the hardest hit states in the U.S. relative to confirmed COVID-19 cases and fatalities.

The unemployment rate in Massachusetts reached 15.1% in April with 216,200 jobs losses in the leisure and hospitality sector. The National Restaurant Association reported that more than 8 million restaurant employees had been laid off or furloughed across the country by late April. The accommodations and food services sector appeared at the top of the Unemployment Insurance (UI) initial claimants list for most of the spring and summer. From March 8 through July 18, the industry represented 17% of the total initial UI claims in the state.

To comply with safety protocols under the reopening framework, restaurant operators needed to reduce capacity, adjust floor plans to accommodate social distancing, and invest in protective supplies to safeguard staff and customers. Outdoor dining emerged as a popular trend, but that also required expenditures on equipment to ensure a good experience for customers.

Nationally, sales at eating and drinking establishments declined nearly 27% to \$327.6 billion between March and September, compared with \$448.1 billion during the same period in 2019, according to U.S. Census Bureau data. In September, the Massachusetts Restaurant Association announced that approximately 20% of Massachusetts restaurants closed their doors for good.

## SUPPORT FOR THE INDUSTRY

Assistance from the federal and state government have proven to be a much-needed lifeline. Most notably, the Paycheck Protection Program (PPP) injected approximately \$14.3 billion into Massachusetts via nearly 120,000 loans in 2020. According to the U.S. Small Business Administration (SBA), the accommodation and food services sector came in as the fifth highest beneficiary of the program with about 8% of the total amount on the national level. The Federal Reserve established the Main Street Lending Program and the SBA also put forth other emergency relief resources, such as the Economic Injury Disaster Loan and the EIDL Advance.

At the state level, Massachusetts has also taken significant measures to offer relief and assistance. In the early days of the pandemic, the state established a \$20 million Small Business Recovery Loan Program to offer a bridge to the significant federal relief. The Department of Revenue extended the 2020 meals tax filing and deadline periods and waived penalties for late filings and late payments. In partnership with the Legislature, the Governor signed legislation permitting beer, wine, and cocktail orders to be sold for off-premises consumption with the purchase of food while in the state of emergency. Empowered under an executive order, municipalities also worked with restaurant owners to maximize public space for outdoor dining. Last summer, MassDOT launched the Shared Streets and Spaces Program to assist with quick-build improvements to public spaces in support of public health, safe mobility, and renewed commerce. MassDOT has awarded 173 grants for a total of \$18.3 million, including 74 grants for outdoor dining projects.

To further public support for small businesses and to remind the public of how important these businesses are to our economy, Governor Baker formally launched the My Local MA campaign at the end of August 2020. The Commonwealth's small business community plays a vital role in the composition of the Massachusetts economy. According to the SBA's 2019 Small Business Profile, small businesses in Massachusetts employed approximately 1.5 million workers, accounting for approximately 45 percent of the Commonwealth's total workforce. Through a multi-channel campaign, My Local MA sought to showcase Massachusetts' vast array of businesses and attractions and to reinforce the notion that residents can shop, dine, and travel while adhering to health and safety protocols.

In October, the state, led by Mass Growth Capital Corporation (MGCC), also stood up a \$50.8 million Small Business Grant Program to help businesses adversely affected by the pandemic. As a clear indication of the need for financial support, MGCC received over 10,000 applications seeking a combined total of more than \$500 million in support. Recognizing that demand, in late 2020, the Baker-Polito Administration allocated an additional \$668 million. What had started as a \$50 million program evolved into multi-round grant program for qualified applicants. While at first the program focused on businesses with 50 or fewer and five or fewer employees, the additional funding triggered the start of a new, sector-based program to expand the pool of hardest-hit, eligible businesses, including a priority category for restaurants.

Throughout each round of grant awards, and in both programs, selection criteria prioritized women-, veteran-, minority-, and LGBTQ-owned businesses, as well as businesses located in Gateway Cities and businesses that had not previously received any sort of financial support. As of March 2021, the state has announced approximately \$648 million in direct financial support to over 14,300 businesses across the Commonwealth, including nearly \$220 million for the restaurant sector.

## LOOKING AHEAD

While all of these resources have proved helpful, significant challenges remain and the livelihoods of many restaurants owners, and their workers, are on the line. Although it is imperative that we continue to prioritize the public health and safety of the residents of Massachusetts, the commission believes that the state must continue to help stabilize the restaurant industry. With the vaccine distribution underway, and warmer months on the horizon, the window of time between now and the new normal will be critical. As the original report outlines, restaurant margins were already incredibly tight before the virus took hold in Massachusetts.

The struggles many restaurants and their workforce have endured are well documented. But the industry as a whole has also demonstrated an incredible amount of creativity, perseverance, and ingenuity since March 2020. Massachusetts' restaurants have shown grit and determination while pivoting much of their focus to takeout and delivery options. In January 2021, Governor Baker signed a provision passed by the Legislature that will cap delivery fees from third-party delivery service companies at 15% of the purchase price of the online order. This provision will be in effect until the end of the state of emergency.

Restaurants have also rearranged indoor dining space to enhance work and customer safety and social distancing. This is in addition to establishing safe and effective outdoor spaces to accommodate dining, and embracing technology to replace traditional menus and contactless payment methods to minimize unnecessary contact for in-person dining.

There does appear to be additional relief and support on the way. On March 12, President Biden signed the American Rescue Plan into law, which includes \$28.6 billion for a new *Restaurant Revitalization Fund* that will make grants available via the SBA for restaurants, bars, food trucks, and other eligible entities. At the state level, advanced discussions are underway relative to a tax exemption for loans forgiven under the Paycheck Protection Program in 2020 and a rate freeze for the Unemployment Insurance (UI) schedule. And, on March 22, restaurant workers became eligible as part of Phase 2 in the state's COVID-19 vaccine rollout.

This group met three times in the first quarter of 2021 (2/24, 3/16, and 3/30) to discuss relief and recovery recommendations that can help the industry emerge from this crisis. The recovery will take time, so the recommendations are broken out into short-term recommendations for the coming weeks and months and long-term recommendations that should be considered as the state exits the state of emergency and enters the new normal.

### Short-Term Recommendations

- A continued, safe reopening is critical for recovery. Vaccine access for food service workers is essential to that process.
- Public promotion and support for the industry is needed. These efforts should include educational components that inform customers on what to expect in the new normal.
- The industry is still incredibly vulnerable. Aid from federal, state, and local government must continue to be made available, including technical assistance to help restaurateurs access available resources. At the same time, measures must be taken to curb added costs during this

vulnerable period, such as freezing the Unemployment Insurance (UI) rate schedule and relief from taxation on the Paycheck Protection Program<sup>1</sup>.

- The state must evaluate credit card fees on restaurants. During the Pandemic, members of the commission experienced increases on transaction fees that further squeezed lean bottom lines as they fought to survive.
- The restaurant sector must continue to find ways to be an attractive employer and entice workers to return to the labor force.
- The state must monitor trends in the economy, including consumer behavior, as we continue to reopen and shift into the new normal. This should include consumer sentiment about visitation and educating consumers on how to support local restaurants. It is important to remember many restaurants rely on businesses and workers that are located in downtowns and town centers for a customer base.

### **Longer-Term Recommendations**

- The COVID-19 Pandemic brought about certain adjustments and changes to help the industry survive. Outdoor dining proved to be popular with consumers and impactful for restaurants. State and local government must continue to accommodate and facilitate outdoor dining.
- Similarly, other support programs, such as the enabling of beer, wine, and cocktail orders to-go, as well as caps on third-party delivery services, should be considered beyond the state of emergency.
- State and local government should streamline licensing and permitting processes. This includes shifting to a digital model that reduces paperwork and increases efficiency.
- Consider mechanisms to support workers, such as a “kitchen appreciation fee” and more flexible tip pooling between the ‘front of the house’ and ‘back of the house’.
- Housing costs, especially in seasonal communities, remain a significant challenge for workforce. Massachusetts must stabilize housing costs. Seasonal businesses will suffer if they cannot get the workforce needed to support operations.
- The federal government should also consider reforms to the H2B and J1 visa programs so that the process is more predictable.
- Liquor licenses remain costly, which serves as a significant barrier to entry. The state should explore reforms to the allocation process to create a more equitable system for restaurants.
- Explore and educate on innovative business models, such as employee ownership and co-ops, that allow employees to gain ownership and take a formal stake in business management and development.

As the state enters into Phase 4 of the reopening framework, the legislature, policymakers, and other engaged stakeholders should remain vigilant on behalf of the restaurant sector. Over the past year, revenues have been devastated while annual operating expenses continue to climb. It will take some time of the industry to rebound and recover. While the legislatively mandated work of the commission is complete, we endeavor to find ways to continue to support the industry throughout these very challenging times.

Thank you,

**The Restaurant Promotion Commission**

---

<sup>1</sup> As of late March, legislation is currently pending that would exempt an amount forgiven pursuant to the Paycheck Protection Program from taxation as gross income in CY2020 and temporarily freeze the unemployment insurance (UI) rate schedule.

# **APPENDIX**

## MASSACHUSETTS RESTAURANT PROMOTION COMMISSION

Minutes from the Ninth Meeting of the Commission  
Zoom Conference Video Call  
Wednesday, February 24, 2021  
1:00 p.m.

Remote Zoom Conference Participation:

<https://us02web.zoom.us/j/84725843889?pwd=UGZveUo5bjBjd251UjZVd1padUdSQTO9>

Meeting ID: 847 2584 3889

Passcode: 8pKuVT

### Commissioners in Attendance:

**Chairperson Keiko Matsudo Orrall**, Executive Director, Massachusetts Office of Travel & Tourism  
**Senator Julian Cyr**, Cape and Islands District  
**Senator Edward J. Kennedy**, First Middlesex District  
**Garrett Burns**, on behalf of State **Representative Paul McMurtry**, Eleventh Norfolk District  
**Tiffani Faison**, Chef and Owner of Sweet Cheeks Q, Tiger Mama, Fool's Errand and Orfano  
**Pat Lee**, Owner and Operator, Horseshoe Grille  
**Bob Luz**, President and CEO, Massachusetts Restaurant Association  
**Christopher P. Jamison**, Co-Founder, COJE  
**Rebecca Roth Gullo**, President, Gallows Group  
**Kathi Maino Turner**, Turner's Seafood Companies  
**Ted Twinney**, Co-Founder and Manager, Start Line Brewing Company

### Other Attendees:

**Mark Fuller**, Executive Office of Housing and Economic Development  
**Daniela De Caro-Heavey**, Massachusetts Office of Travel & Tourism  
**Rory O'Hanlon**, Executive Office of Housing and Economic Development  
**Tonia Tassinari**, Executive Office of Housing and Economic Development  
**Michael Quinlin**, Massachusetts Office of Travel & Tourism  
**Pat Johnson**, Senator Cyr's Office  
**James Ostis**, Senator Kennedy's Office  
**Tyler Cotta**, Representative Carol Fiola's Office  
**Natalie Massey**, Massachusetts Office of Travel & Tourism  
**Lauren Menzie**  
**Trish McCarthy**  
**Anne Perkins**  
**Rachel Kaprielian**

The ninth meeting of the Massachusetts Restaurant Promotion Commission ("the Commission") occurred via Zoom Conference Video Call, pursuant to the suspension of certain provisions to the Massachusetts Open Meeting Law, in response to the State of Emergency declaration by Governor Baker due to the Coronavirus. Notice regarding remote participation was duly given to all meeting participants, including the Commission Board Members and the public.

Chairperson Keiko Matsudo Orrall called the meeting to order at 1:03 P.M.

Commissioners Orrall, Senator Kennedy, Lee, Luz, Turner, Gullo, Jamison, Burns for Representative McMurtry, Faison, and Twinney, were present. Senator Cyr joined later in the meeting.

Chairperson Orrall then asked the present Commissioners to introduce themselves, and motioned to approve the meeting minutes from March 9, 2020. All Commissioners approved the minutes.

Chairperson Orrall introduced Mr. Mark Fuller, Undersecretary for Business Growth, Executive Office of Housing and Economic Development. Mr. Fuller discussed the following:

- Nearly a full year since COVID-19 landed in Massachusetts and changed the way we are living and working

- Extremely challenging time for businesses across the Commonwealth. Restaurants in particular have been extremely hard hit.
- Restaurants have shown tremendous grit to make adjustments, including following COVID-19 sector specific protocols and investing in protective equipment
- With the encouraging trends in public health data, the Baker-Polito Administration is evaluating the sector specific guidance as we prepare to move forward.
- Vaccination is a big part of getting back to work. The state is expecting an uptick of 139,000 doses of the vaccine next week with supply continuing to expand moving forward.
- Critical assistance programs have been made available including the PPP program, 8% of that went to restaurants, a current 2021 PPP round available, small business recovery loans, shared streets program, and the MGCC business relief grant program has issued approximately \$182M in grants to restaurants.

Commissioner Jamison asked Mr. Fuller if there is a metric as to when restaurants will be operating without restrictions. Mr. Fuller replied that it has been data driven over the past year and not date driven.

Commissioner Gullo asked Mr. Fuller about the rollout of the COVID-19 vaccine to the restaurant industry. She went on to state that the grants received by restaurants have been given to utility bills and landlords, and suggested more state support on vaccinations, including clearer guidance and communication.

A discussion ensued between Commissioner Gullo and Mr. Fuller. Commissioner Gullo noted that she felt that there needs to be a more coordinated the vaccine rollout plan for the hospitality industry. Mr. Fuller commented on the different layers of the phased vaccination approach along with vaccine supply. He also noted the focus on mass vaccination sites, and informed Commissioner Gullo that he would take the feedback received back to the vaccination team.

Chairperson Orrall thanked Mr. Fuller, and moved forward with a discussion on the Draft Report (“Report”) to the Legislature. Chairperson Orrall noted that the MA Office of Travel and Tourism would like to move forward with a restaurant marketing campaign to support the restaurant industry. She went on to note that the restaurant marketing campaign will go along with the MA Office of Travel and Tourism’s successful “My Local MA” campaign. Chairperson Orrall opened up the discussion for thoughts from Commissioners.

Commissioner Jamison stated that the report would be remiss if it does not expand on the challenges faced by the restaurant industry due to the COVID-19 pandemic, and asked if there is an opportunity to submit more poignant and targeted recommendations to the Report. A discussion ensued with Commissioners Jamison, Faison, Turner, and Luz regarding additional recommendations to include legislative issues such as: tip credit, tip pooling, allowing PPP funding received by restaurants in Massachusetts to be tax deductible, and significant impacts made by takeout and delivery to full service restaurant business models.

A group discussion continued regarding the proposed restaurant marketing plan, and thoughts on the path forward for the Commission. Details included:

- Supporting the restaurant industry by lobbying utility companies
- Concerns on the messaging relative to the restaurant marketing campaign
- Short term focus on urgent goals necessary
- Reprioritizing recommendations as a group to include cost control, more loans, and vaccinations
- Boosting consumers’ confidence that it is safe to come back into the restaurants

Mr. Fuller suggested the submission of addendums to the Report by the Commissioners, and a restaurant marketing campaign as a path moving forward to reflect the progress that the restaurant industry is making. Commissioner Luz commented that this messaging is important in highlighting all of the positive steps that restaurants have made to ensure COVID-19 safety compliance. A group discussion ensued.

Chairperson Orrall noted the legislative mandate of the Commission to submit the Report, moving forward with the addendums, and the associated monetary deadline. Commissioners Jamison, Turner, Luz, and Lee discussed seeking legislative approval to extend both the Commission and the Report’s filing. Senator Kennedy stated that he would look into both of these provisions. Chairperson Orrall noted this consensus.

Commissioner Luz made a motion to extend the Commission and asked legislators that are on the Commission to move forward with getting legislative approval in order to do so.

Motion approved.



Chairperson Orrall deferred to Senator Kennedy as to a timeline when the extension could be approved. Senator Kennedy stated that he would seek clarification from the Senate's Ways and Means Committee.

Commissioner Luz made a motion to adjourn the meeting. Motion approved and meeting adjourned at 2:09 PM.

Handouts for this meeting:

1. Commission Meeting Agenda
2. Minutes from the eighth meeting of the Restaurant Promotion Commission– 3.9.20
3. Draft report: Restaurant Promotion Commission

*Recorded by Daniela De Caro-Heavey, Special Projects Manager, Massachusetts Office of Travel and Tourism, February 24, 2021.*

## MASSACHUSETTS RESTAURANT PROMOTION COMMISSION

Minutes from the Tenth Meeting of the Commission  
Zoom Conference Video Call

Tuesday, March 16, 2021

1:00 p.m.

Remote Zoom Conference Participation:

<https://us02web.zoom.us/j/84725843889?pwd=UGZveUo5bjBjd251UjZVd1padUdSQTO9>

Meeting ID: 847 2584 3889

Passcode: 8pKuVT

### Commissioners in Attendance:

**Chairperson Keiko Matsudo Orrall**, Executive Director, Massachusetts Office of Travel & Tourism  
**Senator Julian Cyr**, Cape and Islands District  
**Senator Edward J. Kennedy**, First Middlesex District  
**Representative Paul McMurtry**, Eleventh Norfolk District  
**Pat Lee**, Owner and Operator, Horseshoe Grille  
**Bob Luz**, President and CEO, Massachusetts Restaurant Association  
**Christopher P. Jamison**, Co-Founder, COJE  
**Rebecca Roth Gullo**, President, Gallows Group  
**Kathi Maino Turner**, Turner's Seafood Companies  
**Ted Twinney**, Co-Founder and Manager, Start Line Brewing Company

### Commissioners not in Attendance:

**Tiffani Faison**, Chef and Owner of Sweet Cheeks Q, Tiger Mama, Fool's Errand and Orfano

### Other Attendees:

**Mark Fuller**, Executive Office of Housing and Economic Development  
**Daniela De Caro-Heavey**, Massachusetts Office of Travel & Tourism  
**Rory O'Hanlon**, Executive Office of Housing and Economic Development  
**Michael Quinlin**, Massachusetts Office of Travel & Tourism  
**Pat Johnson**, Senator Cyr's Office  
**James Ostis**, Senator Kennedy's Office  
**Tyler Cotta**, Representative Carol Fiola's Office  
**Colin Young**, State House News Service  
**Taylor Magnussen**, Representative Jones' Office  
**Steve Clark**, Massachusetts Restaurant Association  
**Rachel Kaprielian**

The tenth meeting of the Massachusetts Restaurant Promotion Commission ("the Commission") occurred via Zoom Conference Video Call, pursuant to the suspension of certain provisions to the Massachusetts Open Meeting Law, in response to the State of Emergency declaration by Governor Baker due to the Coronavirus. Notice regarding remote participation was duly given to all meeting participants, including the Commission Board Members and the public.

Chairperson Keiko Matsudo Orrall called the meeting to order at 1:01 P.M, and announced the names of members participating remotely.

Commissioners Orrall, Senator Cyr, Senator Kennedy, Representative McMurtry, Lee, Luz, Jamison, Gullo, Turner and Twinney were present.

Commissioner Faison was not present.

Chairperson Orrall then asked the Commissioners that were present remotely to introduce themselves, and motioned to approve the meeting minutes from February 24, 2021. All Commissioners approved the minutes via roll call vote.

Chairperson Orrall introduced Mr. Mark Fuller, Undersecretary for Business Growth, Executive Office of Housing and Economic Development. Mr. Fuller provided the group with updates on state and federal programs. Updates included the following:

- Massachusetts has shifted into Phase 3, step 2 and sector protocols can continue to be found on [mass.gov/reopening](https://www.mass.gov/reopening)
- MA Growth Capital Corporation (MGCC) has provided \$600 million in business relief grants to over 13,300 businesses, including \$215 million to the restaurant sector specifically
- Paycheck Protection Program (PPP) Legislation on the move in the state Legislature to exempt an amount forgiven pursuant to the PPP from taxation as gross income
- Federal government has released details on the Restaurant Revitalization Fund, which will be administered directly through the SBA. Eligible businesses can receive grants, capped at \$10M per restaurant group at \$5M per location, and use the money for payroll, mortgage and rent costs, food and beverages, maintenance and construction related to Pandemic space adjustments, and utilities; Excludes entities that own or operates more than 20 locations.
- Total funding: \$28.6B, with \$5B set-aside for eligible businesses with revenues of under \$500,000 in 2019; these grants will receive tax-free treatment at the federal level.

Commissioner Jamison asked Mr. Fuller if there would be state assistance available to assist small businesses in navigating these processes with federal agencies.

Commissioner Luz noted that the Massachusetts Restaurant Association is working with the National Restaurant Association to figure out this process, including technical assistance. Mr. Fuller also noted that the state is working with the SBA to get Question and Answer documents figured out for businesses.

Commissioner Twinney asked Mr. Fuller to provide a more robust update on the PPP legislation currently moving through the State Legislature. Sen. Cyr noted that the Senate will be taking up the PPP Legislation soon, and hopes to have a resolution by the end of the month. Rep. McMurtry acknowledged that the bill passed the House and hopes that it will be on the Governor's desk soon.

Chairperson Orrall presented a PowerPoint slide deck on the survey responses from Commissioners of the Restaurant Promotion Commission, based on five comprehensive questions that were asked to Commissioners since the last meeting on February 24.

The results of the presentation and ensuing discussions are as follows:

Question 1 asked Commissioners "With the state nearly a year into the Pandemic, what are the most significant challenges facing the restaurant industry?" Chairperson Orrall reviewed the five responses to questions first category on Public Health and COVID-19 Safety Protocols. The key takeaways from Commissioners responses included the following:

- Reopening protocols are restrictive
- Vaccine distribution and supply is critical

Discussion on question 1's first category followed, and Commissioner Turner noted that six people eating at a table is restrictive. Commissioner Jamison noted that the number of people at a table moved down from 10 to six, which he noted has made a negative impact on restaurants. Commissioner Gullo asked Mr. Fuller to elaborate on the vaccine timeline for workers in the restaurant industry. Mr. Fuller noted that the feedback given at the last meeting was communicated to the vaccination command center, and that he will continue to bring feedback from this group to the vaccination team.

Chairperson Orrall next reviewed the five responses to question 1's second category on Consumer Demand and Customer Behavior. The key takeaways from Commissioner responses included the following:

- Public promotion and support of the restaurant industry
- Strong, clear messaging to restore consumer confidence

Discussion on the question 1's second category followed, and Commissioner Jamison noted that restaurants need the 30-60 day look ahead on reopening in order to have ability to plan and staff out. Commissioner Luz commented that the Massachusetts Restaurant Association (MRA) continues to work with the Baker-Polito Administration ("Administration") multiple times per week regarding protocol and vaccine distribution. Commissioner Gullo stated that messaging needs to be clear, and a discussion ensued with Sen. Cyr regarding the coordination of messaging.

Commissioner Turner went on to note that the research conducted last year by The Ripples Group in the Draft Report (“Report”) to the Legislature is relevant to this meeting’s discussion, and that a big concern is pricing in the restaurant industry.

Commissioner Jamison and Commissioner Luz went on to discuss the narrative of restaurant safety in the general public, and suggested that a marketing campaign be focused on educating the consumer that restaurants are supervised, and have safety protocols.

Chairperson Orrall next reviewed the responses to question 1’s third category on Business Plans & Operating Costs. The key takeaways from Commissioner responses included the following:

- Annual operating costs continue to increase
- Revenues are decimated while COVID-19 related costs (e.g. PPE) added to the costs
- UI Schedule
- Credit card fees and rates

With no further comments from the Commissioners on question 1’s third category, Chairperson Orrall next reviewed the five responses to question 1’s fourth category on Workforce. Key takeaways from Commissioner responses included the following:

- Labor shortage and COVID-19 relief
- Housing costs in seasonal communities
- Worker compensation
- General workforce is downtowns and town centers that patronize restaurants

Discussion on question 1’s fourth category followed, and Commissioner Turner noted the difficulty of maintaining a skilled workforce. Further discussion on restaurant industry recovery measures ensued with Commissioners Turner, Luz, and Jamison.

Chairperson Orrall next reviewed the two responses to question 1’s fifth category on Other, and key takeaways from Commissioner responses included the following:

- Tip pooling
- State and local regulations

Discussion on question 1’s fifth category followed, and Senator Cyr stated that finding granular policy issues that headway can be made on, such as including tip wage pooling and looking at credit card fees charged to small businesses, are tangible action items for the Legislature.

Commissioner Turner mentioned that the increase in fees charged to small businesses credit cards not when being charged, has increased in the past year, and has cost her small business an upwards of \$40,000 over a six month period. She suggested that credit card fees to be passed onto consumers, as is done in other states.

Question 2 asked Commissioners: “What are near term action items that can address some of those challenges?” Chairperson Orrall reviewed the five responses to question 2’s first category on Public Health & COVID-19 Safety Protocols, and key takeaways from Commissioner responses included the following:

- Continued safe reopening with the vaccine

A group discussion ensued on statewide reopening capacity.

Chairperson Orrall next reviewed the three responses to question 2’s second category on Consumer Demand and Confidence, and key takeaways from Commissioner responses included the following:

- Find ways to promote and encourage residents to support local restaurants
- More local discretion

Discussion on question 2’s second category followed, and Commissioner Turner suggested marketing dollars be put towards educating consumers to help them understand additional challenges and safety innovations that the restaurant industry is trying to take.

Commissioner Orrall next reviewed the five responses to question 2’s third category on Federal and State Government Relief. The key takeaways from Commissioner responses included the following:

- Relief from annual licensing fees

- Relief from taxation on PPP loans forgiven
- Facilitate and support outdoor dining
- Consider allowable tip wage credit program and payroll tax rates
- More support for overdue rents and mortgages

With no further comments from the Commissioners on question 2's third category, Chairperson Orrall next reviewed question 2's fourth category on "Other". The key takeaways from Commissioner responses included the following:

- Tip wage credit program
- Identify ways to reduce and mitigate cost of construction

Discussion on question 2's fourth category followed, and Sen. Cyr asked the group about liquor license reform. A group discussion ensued.

Question 3 asked Commissioners: "As the state moves towards Phase 4, what longer term recommendations should be considered?" Chairperson Orrall reviewed the six responses to question 3's first category on Licensing and Permitting, and key takeaways from Commissioner responses included the following:

- Continue to accommodate and facilitate outdoor dining
- Streamline licensing and reduce paperwork
- Make to-go drinks and cocktails permanent

Discussion on question 3's first category ensued, and Commissioner Turner mentioned that digitalizing the licensing and permitting process was also something that was included in the Report. Discussion amongst the Commissioners on a streamlined process that would make the paperwork process easier for restaurants in the Commonwealth.

Chairperson Orrall reviewed the two responses to question 3's second category on Access to Capital, and key takeaways from Commissioner responses included the following:

- Continue to make capital and other resources available to restaurants

With no further comments from Commissioners on question 3's second category, Chairperson Orrall next reviewed the five responses to question 3's third category on Legislative Changes at the Federal and State Levels.

Key takeaways from Commissioner responses included the following:

- Reform the liquor licensing process
- Address tip sharing/tip pooling rules
- Make PPP loans, and related grants, exempt from taxation
- Reform relevant visa programs; and explore increasing flexibility for (new) small restaurants

With no further comments from Commissioners on question 3's third category, Chairperson Orrall next reviewed the two responses to question 3's fourth category on Business Models. Key takeaways from Commissioner responses included the following:

- Cap on third party delivery fees
- Evaluate equity in the beer garden vs restaurant dynamic re: licensing
- Employee ownership models including a state office

Discussion on question 3's fourth category followed, and Senator Cyr noted tax incentives and employee ownership.

Chairperson Orrall reviewed the three response to question 3's fifth category on Other, and key takeaways from Commissioner responses included the following:

- Increased tourism promotion and coordination
- Evaluate credit card fees and fraud policies
- More support for restaurants

With no further comments from Commissioners on question 3's fifth category, Chairperson Orrall next reviewed the fourth question and survey responses from Commissioners.

Question 4 asked Commissioners: “Are there new opportunities in the restaurant industry that should be highlighted?” Chairperson Orrall reviewed Commissioner comments on four categories which included outdoor dining, supply chain, food delivery and other. Commissioner Luz and Senator Cyr discussed the opportunity for food donations.

Question 5, the final question, asked Commissioners: “What state support programs were most impactful?” Chairperson Orrall reviewed the four categories which included MGCC Business Relief Grants, Enabling Beer, Wine, And Cocktail Orders to-go, Flexibility with Public Spaces for Outdoor Dining, and Cap on Delivery Fees.

After completing the review of the Commissioner responses to the survey, Chairperson Orrall opened up the discussion for further thoughts from Commissioners at 2:03 PM. The Commissioners engaged in a group discussion that summarized key issues and items.

Chairperson Orrall made a motion to adjourn. All Commissioner voted to adjourn the meeting via roll call vote; meeting adjourned at 2:14 PM.

Handouts for this meeting:

4. Commission Meeting Agenda
5. Minutes from the ninth meeting of the Restaurant Promotion Commission– 2.24.21
6. Restaurant Promotion Commission survey response PowerPoint

*Recorded by Daniela De Caro-Heavey, Special Projects Manager, Massachusetts Office of Travel and Tourism, March 16, 2021.*