



March 8, 2022

The Honorable Matt Klein
Minnesota Senate
Senate Building Room 2409
St. Paul, MN 55155

The Honorable Rick Hansen, Chair
House Environment Committee
407 State Office Building
St. Paul, MN 55155

Dear Senator Klein and Representative Hansen:

We write in support of your efforts regarding SF2695/HF4068 and to encourage you and the committees of jurisdictions to consider substantially expanding the grants within the bill.

Hospitality has been the hardest hit sector financially in our economy during the pandemic and we are not close to being out of the woods. Many operators continue to struggle in the current environment and are projecting challenging times ahead during the multi-year road to recovery. Consider the following statistics from our March survey conducted in partnership with the Federal Reserve Bank of Minneapolis and Explore Minnesota Tourism:

Foodservice Operators:

- 66% have taken on debt due to COVID conditions and closures in the last 18 months;
- 64% experienced lower than normal revenue over the last 3 months;
- 45% project lower than normal revenue over the next three months; and
- 53% indicate that revenue will not return to “normal” until 2023 or later

Hotel/Event Operators:

- 52% have taken on debt due to COVID conditions and capacity limitations in the last 18 months;
- 52% experienced lower than normal revenue over the last 3 months;
- 46% project lower than normal revenue over the next three months; and
- 48% indicate that revenue will not return to “normal” until 2023 or later

Unfortunately, these are not the only financial headwinds as operators are also facing significant inflation, supply chain issues and an historic workforce shortage (our industry remains down over 20,000 workers from pre-pandemic levels).

We believe all of these factors mitigate toward the State utilizing its American Rescue Plan funds and/or portions of the historic budget surplus to provide targeted, meaningful assistance to aid the speed and depth of the economic recovery for these small businesses.

Given that the hospitality industry represents one-tenth of the economy by total jobs, we think there is a case to be made for directing the same ratio of the American Rescue Plan funds to aid in the economic recovery of this sector. While some 1,700 restaurants received federal relief through the Restaurant Revitalization Fund (RRF), 2,500 additional restaurants who applied were left behind due to the fact that program was underfunded. Information coming out of Washington D.C. today makes it look increasingly unlikely that Congress will include RRF Replenishment in the budget. While it is frustrating that the federal government did not fully fund this program, and also that it did not create a direct relief program for hotel operators in need, there are significant federal funds that have been sent to states (including Minnesota) that can be leveraged to these same ends. In addition, we support using a portion of one-time general fund dollars from the historic \$9.25 billion budget surplus to help small business operators get back on their feet.

Taking into account the totality of the circumstances and the financial factors listed above, we believe there is a strong case to be made for substantially increasing both the total appropriation and the grant amounts listed in the bill make the desired impact and we would be happy to work with you to this end.

Thank you for your consideration. Please let us know if you have questions or would like to further discuss our suggestions regarding the financial scope of the bill and its impact.

Sincerely,

A handwritten signature in black ink, appearing to read "Liz Rammer". The signature is fluid and cursive, with the first name "Liz" being more prominent than the last name "Rammer".

Liz Rammer, President & CEO
Hospitality Minnesota

cc: Senator Eric Pratt, Senator Bobby Joe Champion, Senator Karin Housley, Senator Rich Draheim, Senator Fong Hawj, Senator Ann Johnson Steward, Senator Aric Putnam, Senator Jason Rarick and Senator Paul Utke