

DaV Co Restaurants

David Norman
Chief Executive Officer

Honorable Chair and Members of the
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

March 25, 2021

Re: House Bill 495

Dear Chairman Guzzone and Members of the Senate Budget and Taxation Committee:

I would respectfully plead with you to reject House Bill 495 as an inappropriate response to the now multi-year crisis which we as Marylanders and Americans find ourselves in. I am a member of the Maryland restaurant industry, and serve as well as the president of Marylanders for Safe and Sensible Regulations, a local restaurant advocacy group. The past year has seen devastation among numerous small and large businesses in Maryland, but no industry has suffered to the extent of the Hospitality sector, and more specifically the Restaurant industry. We have had to endure waves of complete shut-downs (unlike other retail businesses), then told to invest in special purpose safety equipment and expensive outdoor dining furniture and heaters, and then shut down again. Our restaurants most at risk are the ones with few financial reserves, which are predominantly the minority, immigrant and women-owned restaurants operating in Baltimore City, Baltimore County, Prince Georges County and Montgomery County. These restaurants often struggled with the application process under the PPP, but they all file tax returns every year. Instead of looking for ways to deny restaurants and other Maryland small businesses the immediate financial help which they desperately need, Maryland should be looking for ways to get these businesses enough money now so that they can survive to benefit us all in the future.

As I am sure you are well aware, our industry never expected to base its economic survival solely upon carry-out, delivery and some outdoor dining. The losses we have suffered in 2020 were only slightly compensated for by the Federal PPP loan program (without which very few of us could have survived even to this point), and restaurants large and small are still closing or filing bankruptcy on a daily basis. This past July, one of the largest restaurant groups, which operates all of the

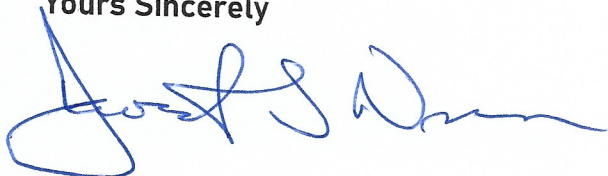
Wendy's and many of the Pizza Huts in Maryland, filed for bankruptcy and is in the process of selling those restaurants which it can, after closing many restaurants.

While the restaurant industry is fraught with economic risk, many of the restaurant owners were at least making a profit, and paying taxes, prior to 2020 and the Pandemic. A package of restaurant specific grants and loans to allow restaurant owners to stay open was included in the American Rescue Plan recently passed by Congress, but the legislation still needs to be interpreted by the Small Business Administration, and it will be months before our financially struggling restaurants will be able to determine if they qualify and how they can apply, and months more before funds are received. Instead, by rejecting the unfair limitations imposed by HB 495, and affirmatively allowing restaurant owners to carry back their losses to recent years in which they made a profit and paid Maryland taxes would be a critical piece of aid which will help them to survive until the Restaurant Revitalization Fund becomes available to all, and sufficient numbers of us are vaccinated so that life can return to (somewhat) normal.

The survival of the restaurant industry is not only critical for those of us who have invested our lives and our savings in restaurants, but it is essential for the economic well-being of the State of Maryland. As the Aspen Institute report established, one in four Americans gets their first job in the restaurant industry, and one out of two Americans works in a restaurant industry associated job at some point in their lives. All communities in Maryland are touched by this – there are well over 100+ restaurants in Baltimore City which are owned by Blacks, and similarly a large number owned by immigrants from all countries around the world. Minorities occupy many of the jobs in the restaurants in Maryland, and are disproportionately impacted by the shut downs, layoffs and job losses. It is my hope that the Legislature will do everything in its power to help save these jobs and this diversity of experience in Maryland. Rejecting the cruel inequity of House Bill 495 would be a great place to start.

Thank you for your service to Maryland, and for your attention to this letter.

Yours Sincerely



David J. Norman

President, Marylanders for Safe and Sensible Regulations