



August 25, 2020

The Honorable Gavin Newsom
Governor of California
State Capitol
Sacramento, CA 95814

The Honorable Toni Atkins
President Pro Tempore, California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Shannon Grove
Republican Leader, California State Senate
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Marie Waldron
Republican Leader, California State Assembly
State Capitol, Room 3104
Sacramento, CA 95814

Subject: Special Legislative Session

Dear Governor and Legislative Leaders,

As the legislative session draws to a close, there is pronounced frustration amongst employers in the hardest hit sectors of the economy and a growing consensus that our state leaders have done relatively little to directly address the economic crisis that is playing out as business after business has no other option but to throw in the towel. For those still hanging on, there is an anxiety that “my business will be next.”

The restaurant sector has been the hardest hit. Before the pandemic shutdowns, there were 1.4 million Californians working in restaurants. Since March, an estimated 900,000 to 1 million of them have either been laid off or furloughed. Those workers are suffering mightily, and our state leaders have acted aggressively in responding to their crisis - not so much for our neighborhood restaurants. They, too, are suffering mightily. Their dining rooms have been closed for the greater public good, but they are unfairly expected to absorb – alone – the consequences of the shutdown orders.

To be fair, the Administration acted to provide what, at the time, was a lifeline that allowed for a delay in tax payments and the ability to sell alcohol with take-out and delivery orders. Additionally, legislation was enacted to ensure that an employers’ unemployment insurance rating would not be negatively impacted due to the forced closures and accompanying job losses. These actions helped restaurants tread water in



the early weeks of the pandemic. But the sustained economic crisis has outpaced the value of these policies.

At the outset of the shutdown orders, we estimated that California risked losing up to 30 percent of our restaurants unless there was bold state action. And now, we fear that number will be substantially higher. When will the state respond to their crisis? Or will it?

Despite the rancor in Washington, D.C., and in other state capitols, leaders have acted decisively to pass relief measures for *both* workers and the business owners who create the jobs. Here, the pleas for help from restaurants and other small businesses have yielded nominal action. Efforts to address the business interruption insurance disaster were crushed in the Legislature. Proposals to provide eviction protection for struggling restaurants were shelved. Legislation to provide some level of legal protection for small businesses making good faith efforts to implement state and local COVID-19 protocols and procedures was summarily rejected, to the delight of those looking to capitalize on the often confusing and constantly changing mandates. And notwithstanding economic evidence that, under current law, authorizes a suspension of the next minimum wage increase, the decision was made to allow the increase to go forward.

We appreciate that legislative attention has necessarily focused on the pressing needs of those millions of displaced California workers, which is understandable given their health and economic vulnerabilities. A new round of supplemental paid sick leave, workers' compensation presumptions, and expanded family leave to name a few, are heading our way, which, despite the intent, comes with great financial cost at a time when we are struggling to pay huge rents, insurance, license fees, health department permits, multiple taxes...the list goes on. And on.

We are days away from the Legislature adjourning for the year, and yet the work to save large swaths of our state's economy have scarcely been addressed, largely ignoring the cries for help by tens of thousands of business owners who are teetering on bankruptcy. Restaurants, and other small businesses, were encouraged when the Governor assembled his Economic Recovery Task Force – which includes some of the brightest minds in our state – including the Chairman of our Board of Directors. To date, we have yet to see proposals from that group that attempt to address the crisis in the restaurant industry, and more broadly among other sectors ordered to shut down. We believe this needs to be an immediate state priority – by the time the Legislature comes back in January a growing percentage of restaurants will be past the point of recovery.

We call on the Governor to use the authority afforded pursuant to Article IV, Section 3(b) of the state constitution and call the Legislature to assemble in special session to deal specifically with the sectors of the economy that have been disproportionately impacted by the government imposed shutdowns. And we would ask the legislative leadership to answer this call with the purpose and commitment that this moment requires.



An audacious plan of action is needed to save California's restaurants. We stand ready to work collaboratively on urgently needed policy solutions including those focused on providing protections from unwarranted lawsuits, relief for restaurants being evicted, tax credits or offsets for the increased minimum wage and costs associated with false re-opening, a pathway for forgiveness of government imposed fees, and a hiring tax credit to encourage hiring in *all* restaurants.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jot Condie", with a large, stylized initial "J" and "C".

Jot Condie
President + Chief Executive Officer

cc: Members, California State Legislature