



Arizona Restaurant Association

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March 17, 2020

The Honorable Douglas A. Ducey
Governor of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

Dear Governor Ducey:

Thank you for your leadership of our great state as we attempt to navigate these troubling times caused by COVID-19 in Arizona. As has been stated many times before, this will get worse before it gets better. The Arizona Restaurant Association stands ready to help in any way we can. Because we know that the measures that must be taken will have a devastating impact on our economy, we are asking for the immediate enactment of a contingency plan before the Legislature adjourns or takes a prolonged recess.

Arizona's economy has already seen a large hit from this virus with the cancelation of Spring Training, cancelations of large conferences and gatherings, and a public wearier of venturing out. With news this week that Arizona schools will be shut down, revised CDC guidance calling for all gatherings with 10 or more people to be canceled and people should avoid eating at restaurants and bars, and news that other states are shutting down restaurants and bars, we are growing more concerned with our economic ability to recover after the worst is over without some immediate action.

In 2019 the Arizona Restaurant industry contributed over \$13.4 billion in sales to the Arizona economy and provided over 229,000 employees with \$4.9 billion in pay. If the Arizona restaurant industry is forced to furlough or layoff 50% of the workforce, that would equal close to \$7 million a day in lost wages. If the current trend continues, that 50% number would be conservative. Because of this, we urge you to take the following executive action:

Temporarily enhance Arizona's Unemployment Insurance program.

Allow for the designation of an employee as a "reserve" employee. Reserve employees are employees whose employer have temporarily closed or reduced staff and the employee cannot expect a paycheck for at least two weeks but remains employed for access to other benefits (such as healthcare). Temporarily allow businesses that remain open during this crisis, but at a reduced capacity, to designate one-third of

their workforce as “reserve.” Temporarily allow businesses that are unable to remain open during this crisis to designate their entire workforce as “reserve.”

Allow employees designated as “reserve” to be eligible for unemployment benefits on a temporary basis and allow employees to access unemployment benefits without increasing the employer insurance rate or being required to comply with the one-week waiting period and job search requirements.

This will allow employees who are designated as “reserve” or whose employers have gone out of business to quickly assess economic relief while the chances of finding another job or their employers bringing them back on are low.

Temporarily extend the period for remitting sales tax and making income tax payments

The period for remitting sales tax or income tax payments should be pushed back three months for the next twelve-month period. This gives businesses a short-term reprieve as they deal with liquidity issues while also allowing the state to recoup all monies owed.

All these measures are designed to be temporary in nature and to provide a bridge for both employees and employers. We greatly appreciate your consideration of these necessary measures to ensure Arizona can bounce back strong.

Temporarily authorize restaurants to sell beer and wine for off-premise consumption

Allow restaurants licensed by the Arizona Department of Liquor Licenses and Control to temporarily sell beer and wine in original sealed containers for to-go orders. For delivery, restaurants should be allowed to deliver beer and wine if the delivery is made by an employee of the restaurant. Arizona Breweries also need these abilities and we ask that their ability to make delivery of beer be confirmed by your office.

Recent guidance from the Centers for Disease Control (CDC) and the Arizona Department of Health Services (AZDHS) advises consumers to avoid eating or drinking in restaurants or bars and instead to utilize to-go ordering, drive-thru, curbside pickup, and delivery. While the to-go food model is uncomplicated, this currently deprives restaurants and bars of the much-needed revenue derived from selling spiritous liquor.

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In addition to the above-mentioned executive items, we are hopeful that you will work with the Arizona Legislature to identify other economic measures, including:

Appropriation of \$100 million from the Rainy-Day Fund to be used at Executive discretion

Up to \$50 million should be used to supplement unemployment insurance payments for a temporary enhancement of the unemployment program. This will ensure that employees whose employers are forced to close or cut back on staff in the short-term are not without a paycheck for essential items. Up to \$50 million should be used to issue short-term (6 to twelve months) zero-interest loans to businesses impacted by the COVID-19 response. This provides a short-term bridge for employers experiencing a cash-flow problem to stay in business during the crisis and so that employees will continue to have employment. Any funds left over, and all loan payments would revert to the Rainy Day Fund.

On Behalf of the Arizona Restaurant Association, our members, and our 229,000 employees, we thank you for your consideration and stand ready to work with you and your staff on crafting a solution.

Sincerely,



Steve Chucri
President & CEO
Arizona Restaurant Association

CC:

Daniel Scarpinato, Chief of Staff, Arizona Governor's Office
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