



April 22, 2020

The closure of restaurants on March 16 to dine in guests and the closure of lodging properties to only essential personnel on March 27 has had a devastating effect on the hospitality industry.

A rough estimate of the loss of sales for half of March, April and May will be in the neighborhood of \$800M – that will be reflected in a corresponding drop in rooms and meals tax. This is supported by preliminary tax info for March (the April filing) that show taxes will likely be off almost \$11.8M or 43%. This correlates to a loss in sales of about \$131M in 2 weeks. Compounding the current issues we face, we also anticipate that consumers will be hesitant to come out to dine and stay in hotels which will dampen any recovery over the summer season.

Only about half of restaurants have elected to provide take-out and delivery, and of those that have chosen to do so, their sales are only about 10% of their usual sales. Half of those properties will likely suspend this effort and shutter their businesses in the next 30 days. And we have already lost some businesses that have permanently closed.

At least 93% of businesses in our industry have laid off staff with 6 % planning to make additional layoffs in the next 30 days. We are waiting on ELMI data that should be out this week, but we estimate that somewhere between 40K and 50K employees have been laid off or furloughed in the hospitality industry.

I have listened to much of the discussion of this committee around identifying other sources of relief for impacted businesses and, while some in our industry were fortunate to receive Paycheck Protection Program funds, there are many who were not successful. We understand that about 10% of PPP loans went to hospitality businesses.

In closing, we will need a great deal of support from the State in the form of financial assistance to keep our industry in business and generating rooms and meals tax for the State of NH. We suspect that the need will be in the hundreds of millions of dollars just to prop them up, and please know that this will in no way make them whole. We will also need assistance in marketing from the state, focusing on reassuring guests that it is safe to dine and stay in NH again.

Sincerely,

Mike Somers
President & CEO
New Hampshire Lodging & Restaurant Association