



December 18, 2020

To: Oregon State Senators and Representatives
From: Greg Astley, Oregon Restaurant & Lodging Association
RE: Testimony in Support of LC 10

Senators and Representatives,

Below is the testimony given last night in support of LC 10 at the hearing held by the Joint Interim Committee on the Third Special Session of 2020. Thank you for taking the time to read through this testimony and please contact me if you have any questions.

Good evening Co-Chairs Kotek and Courtney, Vice-Chairs Drazan and Girod and members of the Committee. For the record, my name is Greg Astley, Director of Government Affairs for the Oregon Restaurant & Lodging Association. Thank you for the opportunity to testify tonight in support of LC 10.

We are the largest statewide association representing Oregon's hospitality industry which includes over 10,000 food service establishments and 2,000 lodging properties and employs over 180,000 Oregonians (pre-COVID 19).

At least 34 other states already allow To-Go Cocktails with several others considering it as their legislative or administrative process timelines allow. We recognize To-Go Cocktails will not completely solve the crushing economic impact the pandemic, the shutdowns and the limited ability to seat customers and conduct business are having on bars and restaurants but it will help.

It will help some more than others. It may mean the difference for a restaurant being able to stay open through the hard winter months when it's likely 29 of Oregon's 36 counties will remain in the "Extreme Risk" category, only able to offer outdoor dining in a tent with three open sides or pickup and delivery as dining options.

Having the government impose limitations for on-premises dining options and encouraging to go orders, the second part of LC 10 is important to ensure restaurants are still able to stay open while restricted to pick up and delivery.

On average, restaurants operate with a 3-6% profit margin. During this pandemic, there have been increases in Oregon's minimum wage, price increases on supplies including proteins, PPE

and cleaning products and despite not being able to seat people inside their restaurants at times, operators still have to pay their full rent, licensing fees and permits to operate even at a diminished capacity.

A 10% commission for deliveries means restaurants are not only losing their profit but it is costing them between 4-7% to offer this service, a service the government encourages and is forcing upon restaurants when no indoor dining is allowed. Increasing the delivery cap to even 15% means an additional 5% loss to restaurants. What this means basically, is restaurants are losing money offering delivery and a higher commission just means they lose more money faster.

We have heard some of the third-party delivery platforms say that since a cap has been in place in Portland, they've lost around 10% of their sales. That cap has only been in place since July 2020 and during roughly that same time, restaurants in Portland have lost between 30-50% of their sales. Losing that much business as a restaurant, it's only natural there will be a loss in delivery sales as well unrelated to the cap.

We recognize a cap may be challenging or less profitable for the third-party delivery platforms in the short-term but that is all this is: a short-term piece of legislation that will end 60 days after the Governor's original Executive Order ends. It's temporary. It's temporary but it's necessary for your favorite restaurants to be able to survive.

Thank you.

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