

Good morning Chair Riley, Vice-Chair Hansell and members of the Committee –

My name is Greg Astley, I'm the Director of Government Affairs for the Oregon Restaurant and Lodging Association (ORLA).

ORLA is the largest statewide association representing Oregon's hospitality industry which includes over 10,000 food service establishments, 2,000 lodging properties and employed over 180,000 Oregonians pre-COVID 19.

Oregon's restaurants and lodging properties have been hit particularly hard by the COVID-19 pandemic and the resulting steps taken to help prevent the spread of the disease.

From travel restrictions early on to limits on the number of people able to meet or gather to complete shutdowns of eating establishments, Oregon's hospitality industry has suffered like no other.

Even now, under our current system of categories, only ten counties are allowed to have any kind of indoor dining during these winter months and outdoor dining is restricted to the point where it is less than feasible in many cases to try and serve guests in a tent with only one wall.

With little to no revenue, restaurants have tried to be innovative to keep employees on payroll and continue to keep their doors open but it has been tremendously difficult for most. On top of that, fixed costs such as rent, utilities and fees are still due every month.

Under normal circumstances, with market forces driving decisions, increases in the Unemployment Tax rate might be understandable but these are not normal circumstances. Restaurants had to layoff employees due to Executive Order from the Governor. Government restrictions and mandates are the reasons employees were let go.

Now, at a time when revenues are still down by as much as 50% in some cases, restaurants are being told their Unemployment Taxes will more than double in 2021. One operator contacted me because last year he was paying \$7500 in unemployment taxes and this year he would be paying \$16,500. More than double.

The laws and formulas we have in place currently do not adequately account for the situation we find ourselves in today. I think we can all agree, this pandemic has forced us to re-think the way we live our lives, conduct business and even legislate. Changes need to be made in how we address this issue based on the circumstances we are in currently, not last year, not ten years ago.

The first tax bill will be due in April so we need to act now. Other states have come up with solutions to mitigate the impacts on businesses and Oregon needs to do the same before our first bill is due.

Whether we draw down judiciously on the UI trust fund, freeze rates at pre-pandemic levels, defer payments for restaurants until they can get back on their feet, combine these ideas or even come up with something different, we need to find a short-term solution and a long-term strategy for addressing this inequity before it threatens to close more businesses than we have already lost.

ORLA has put together a task force of restaurant and lodging operators to help find solutions to this problem and we are more than willing to work with the Employment Department, legislators and other business groups to find a reasonable solution that will work fairly and equitably for everyone.

Thank you.