

House Taxation Committee
Proponent Testimony for HB 2142
John Arnold
February 9, 2021

Mr. Chair and Members of the Committee, I am John Arnold and I own and manage several restaurants in Wichita. We are here to support HB 2142. Adjusting our property tax obligations when government shuts us down is the least our elected officials should be obligated to do.

The pandemic has treated our industry so differently than others, it is hard not to feel the disregard. Unlike many other businesses, we are licensed to maintain a clean facility. We were closed then severely restricted even when others were allowed to be open. When KDHE provided reports about clusters, those actually taxing us often had worse records. Restaurants across the country we vilified but the data never seemed to match the rhetoric.

We had to make very uncomfortable decisions; to pay our taxes or our employees, let good product waste and be thrown away, and watched tapped beer expire and then we were told by the City of Wichita we couldn't even dump it because it would be too disruptive to the waste water system. When we were allowed to re-open we couldn't justify the expense but had no other alternative because we still had to pay our taxes. We were told we needed to do this to "bend the curve" and it wouldn't last but 14 days. All of these government decision have had a horrible impact on our lives and businesses.

We would like to pursue a lawsuit, but that is extremely hard to do when the courts are shut down and our cash flow has literally stopped. We did everything we were asked to do, but that doesn't change the fact that this pandemic has nearly bankrupted the best restauranteurs in Kansas.

According to a recent national survey by the National Restaurant Association, nearly 1 in 6 restaurants (representing nearly 100,000 restaurants) is closed either permanently or long-term; nearly 3 million employees are still out of work; and the industry is on track to lose \$240 billion in sales through the end of the year.

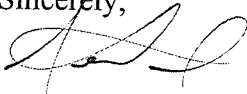
- Consumer spending in restaurants remained well below normal levels in August. Overall, sales were down 34% on average.
- Association analysis shows that the foodservice industry has lost \$165 billion in revenue March–July and is on track to lose \$240 billion this year.
- Our research estimates that for 2020, at least 100,000 restaurants will close, but the initial scope of closures won't be known until government statistics are released in the months ahead.
- 60% of operators say their restaurant's total operational costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak.

John Arnold House Taxation Testimony
February 9, 2021
Page 2 of 2

- On average, restaurant operators say their current staffing levels are only 71% of what they would typically be in the absence of COVID-19.
- In a recent consumer survey, 56% of adults said they are aware of a restaurant in their community that permanently closed during the pandemic.

Out of common decency, this legislation is an approach that is reasonable and something our governments should be up here asking to be authorized, not those most directly impacted. Thank you for your willingness to listen to our concerns.

Sincerely,



John Arnold

Jax Restaurant & Bar
Deano's Grill & Tapworks
Stearman Airfield Bar & Grill
Oak & Pie pizza