

SURVIVING IN OUR “NEW NORMAL”

THE DEVASTATING IMPACT OF COVID-19 ON
NEW MEXICO'S FOOD AND BEVERAGE
INDUSTRY

HOW CAN WE SURVIVE AND THRIVE

Small business is the backbone of any economy, especially the economy here in New Mexico.

Small, locally owned businesses have created a significant rise in local economies. “*Small, locally owned businesses and startups tend to generate higher incomes for people in a community than big, non-local firms, which can actually depress local economies,*” said Stephan Goetz, Ph.D., professor of agricultural and regional economics at Penn State and director of the Northeast Regional Center for Rural Development.

New Mexico

RESTAURANT INDUSTRY AT A GLANCE

Restaurants are a driving force in New Mexico's economy. They provide jobs and build careers for thousands of people, and play a vital role in local communities throughout the state.



HOW DOES THE
RESTAURANT INDUSTRY
IMPACT THE
NEW MEXICO ECONOMY?

Every dollar spent in the tableservice segment
contributes \$1.65 to the state economy.

Every dollar spent in the limited-service segment
contributes \$1.48 to the state economy.



New Mexico
Restaurant
Association

FOR MORE INFORMATION: Restaurant.org • NMRestaurants.org



Survey of New Mexico Restaurants Highlights Challenges COVID-19 Impact on Restaurants and Employees Disclosed

- **47,000 employees have been laid off, that's out of 71,700 employees before the COVID-19 closure. Two-thirds of all restaurant employees have been laid off or furloughed.**
- **40% have closed temporarily. 48% anticipate temporary closure during the next 30-days.**
- **3% of restaurants have already closed permanently.**
- **3% of restaurants say they will have to permanently close if the stay-at-home order lasts**
- **through May.**
- **Restaurants also reported a 61% decline in sales for those that remain open.**
- **In April the NM Restaurant industry will lose more than \$230 Million in sales.**
- **There are 3,500 restaurants in NM.**

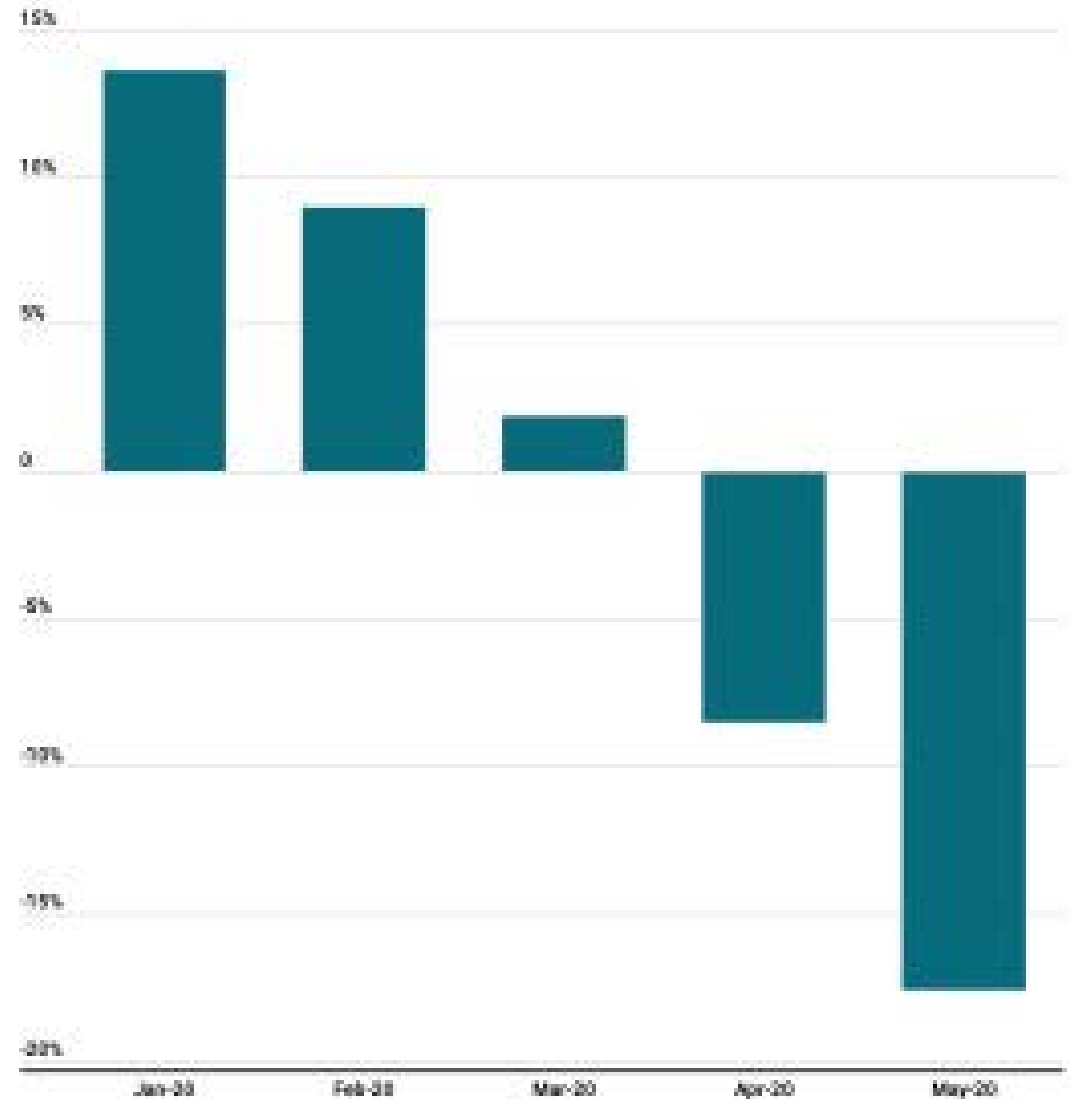
Year over Year Change in Gross Receipts - Accommodations & Food Services



State Total Gross Receipts



Year-over-Year Change in State Total Gross Receipts



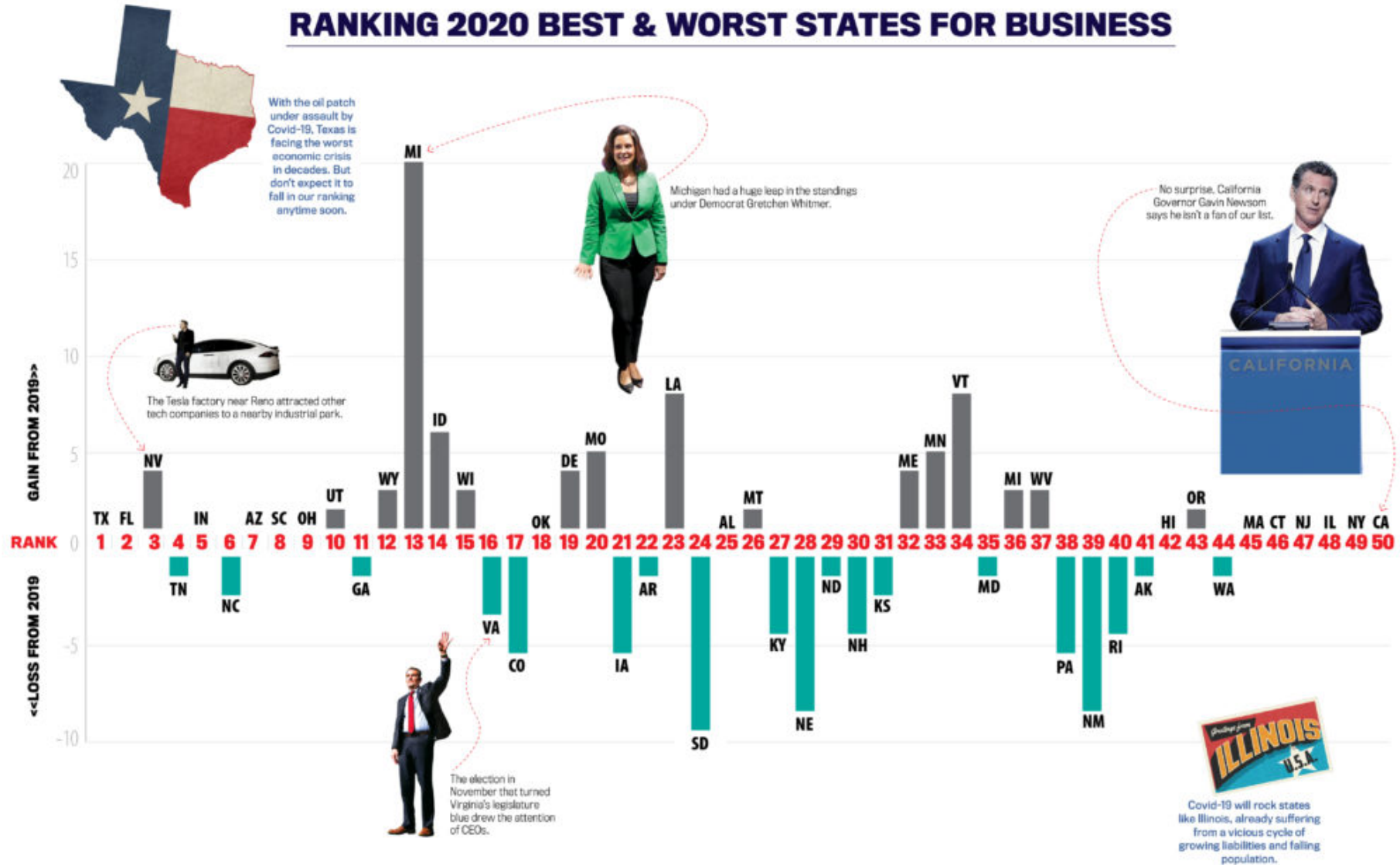
Source: NRI Taxation and Revenue Department

The 2020 Best & Worst States For Business

By [Dale Buss](#)

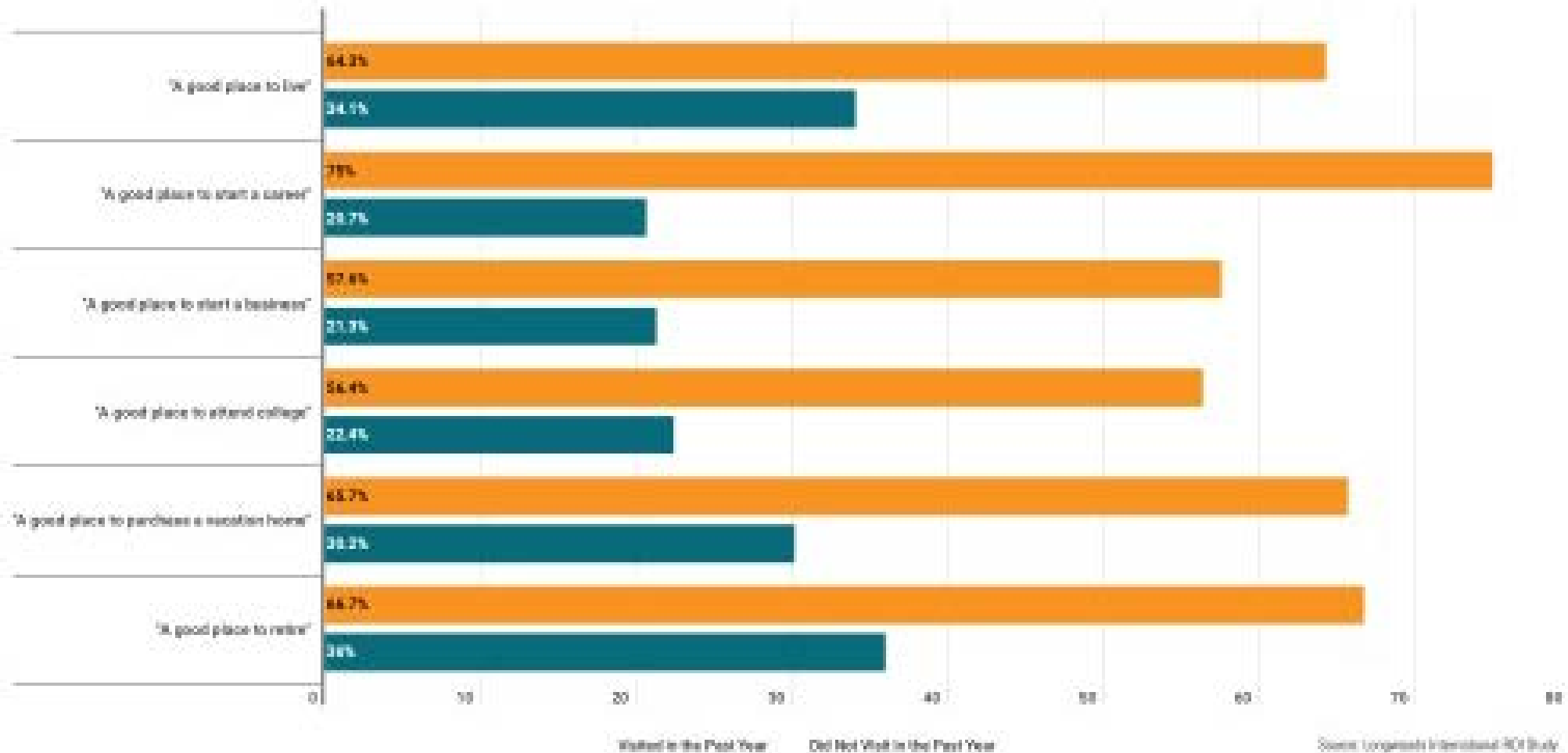
June 2, 2020

Once again, we asked CEOs where you like—and dislike—doing business. Here's what you said.



The "Halo Effect" of Visiting New Mexico on Economic Development Image

Percent of People Who Agreed with the Following Statements about New Mexico, by Visitation



THE LIFE BOATS

1. Surviving the rest of 2020

1. Fall and Winter - No indoor dining

1. The Legislature must mandate Cities and Counties meet with this industry

1. They have to collaborate to formulate plans for survival

2. Small businesses need a seat at the table in order for the Municipalities to receive CARES Act funding or any other state funds with regards to the pandemic

2. Statewide

1. PR campaign

1. Collaborate with the Tourism department

1. Rhetoric has been spread vilifying our industry

1. #letusserve is about survival not profit

2. Tourists are being targeted unfairly

1. tourists are not spreading COVID

1. Liquor Laws - Alcohol Sales

1. To Go Sales for On Premise accounts

1. 44 other states have some type of “to go” program in place for their industry
2. The profit margin on alcohol is up to 20% more than food
3. This is an easy “yes” for the legislature and a HUGE win for our restaurants

2. Delivery Sales

1. 12 states allow Liquor to be delivered; 33 states allow beer and wine deliveries
2. Nationwide On line vs in store alcohol sales have increased more than 200% in the last year
3. Currently New Mexico allows direct sales of wine and beer from out of state companies to our residents
 1. Loss of revenue for our businesses from wine and beer alone is close to \$15 million a year
 2. Much better delivery control in state vs out of state
 1. Out of state companies use Fed Ex and UPS and do not always require a signature or ID check to control who receives the alcohol
 2. In state businesses would be required to have a licensed alcohol server deliver to residents abiding by our NM liquor laws regarding sales to underage
4. The ability to deliver alcohol by local companies to our residents is a safety issue
 1. Bars are closed; more people are drinking at home
 1. Enabling delivery is a better option than an person who has consumed alcohol driving to pick up more.

1. Liquor Laws - Liability

1. Dram Shop laws

1. Currently a licensed establishment can be sued with little to no proof of negligence

1. Example 1 - \$600,000 settlement with no proof of even entering the establishment

2. Example 2 - \$3 million settlement with proof the alcohol was consumed in the parking lot of the establishment

2. Lawsuits

1. The US Chamber for legal reform gave New Mexico a D grad and ranks us #22 out of 50 states regarding “Fairness and Reasonableness of State Liability Systems”

1. Progress has been made but we are still not attractive to potential new businesses

2. Fiduciary Responsibilities

1. Licensed establishments must follow New Mexico liquor laws

2. NM State Government must avoid creating a litigious environment for businesses to operate

3. DWI/DUI

1. Businesses held more liable than the offender

1. NM ranks in the top 10 most dangerous states for drunk driving

1. NM does not even rank as one of the states with tough DWI laws

2. A licensed establishment can be cited and fined for a patron receiving a DWI

4. Insurance Coverage

1. It has become increasingly more difficult for licensed establishments to receive adequate insurance coverage due to the liability placed on businesses

5. The legislature MUST change the way the liquor control act and liquor liability laws are currently written

1. Form an independent, non partisan committee to review and give direction

1. Include NMRA, independent owners, both plaintiff and defense attorneys, Insurance Superintendent at the table

1. The ONLY path to survival on this stormy road

1. The future is very dim for our industry

1. Restaurants

1. The Governor has extended the PHO requiring indoor dining to remain closed

2. Bars & Entertainment Venues

1. Our business models are based on social interaction rather than social distancing

1. Until Social Distancing is not longer required we will remain closed

2. Optimistically bars are looking at 2021 as potential opening timeline

3. Concert venues/Nightclubs

1. National publications are indicating concerts, nightclubs and any type of music/dancing venue are the most high risk places for the spread of the virus

2. Until there is a vaccine there is no discussion on opening

1. Indirect & Direct Implications of closures reach far beyond the establishments themselves
 1. Supply Chain
 1. Wholesale Distributors of Alcohol, Food & Beverage
 2. New Mexico Dairies, Farms and Ranches
 2. Construction & HVAC companies
 3. Industry support
 1. Pest Control
 2. Laundry & Linen Services
 3. Janitorial Companies
 4. Over 100,000 of our friends and neighbors unemployed

1. This industry MUST HAVE a Bailout
 1. PPP loan is flawed
 1. Loan program was not written for the hospitality industry
 1. 2 PPP scenarios
 1. Money has run out with minimal revenue coming in
 2. Money could not be used due to not being able to open
 2. EIDL is a temporary bandaid
 1. EIDL was capped at a lower amount than anticipated
 1. Businesses have been using the loan to survive
 1. Even with indoor dining closed our fixed costs have remained the same
 2. Restaurants have extra expenses
 1. PPE
 2. Supplies required to follow COVID Safe Practices
 3. Tents for outdoor dining
 2. Many businesses have not received funds
 1. SBA is admittedly extremely behind in approvals

**If we MUST keep our doors shut then it's time
for the State to step in and pay for us to be
closed...it is the ONLY path for our survival**

THIS IS YOUR CALL TO ACTION

If the Legislature
doesn't act quickly
to save this industry
from drowning the
rest of the state will

