



SETTLERS
HOSPITALITY

HOTELS | RESTAURANTS | CATERING | EXPERIENCES

10 Economic Relief Ideas: COVID-19

I urge you to consider the following categories of economic relief:

1. Payroll/Employment Expenses (FICA/FUTA/SUTA)
 - a. Simplify and expand OR supplement unemployment benefits directly to employees of the hospitality industry and eliminate penalty to employer for increased claims
 - b. Provide relief for employer costs of continuing health coverage for furloughed employees
2. Insurance companies can lift restrictions on “business interruption” insurance for hospitality properties OR government can supplement similar coverage.
 - a. For employees retained through crisis, provide a rebate for workers compensation expenses
3. Federal, State, and Local Tax Relief Opportunities
 - a. Federal; employer side of payroll tax to be suspended and defer 2019 tax deadline and estimated 2020 payments on corporate and small business owner passthrough income tax
 - b. State government may redeploy hotel tax funds back to the properties where they were generated for two or more quarters. Consider similar action on sales and use tax for hotels, bars and restaurants. Allow hospitality companies to collect tax and use dollars to recoup costs from COVID-19 losses.
 - c. Local; county reallocation of hotel tax, school taxes, etc.
4. Recommend banks do no-cost loan mods, and government provides relief for temporary debt restricting rules.

- a. Banks can offer “no cost loan mods” for principal deference by making available hospitality commercial mortgages in portfolio Interest only for 12 months and extend terms by the same. No P&L impact on bank.
 - b. Three-month total forbearance with principle added to end of loan. Three-month loss of interest income to bank.
 - c. Eliminate the interest-rate floor; reduction in interest income but prevents customers from refinancing with other institutions
5. Banks can provide relief of working capital lines of credit by waiving pay down provisions for one year. Banks may also fix WC LOC interest rates closer to Fed rates and eliminate floor provisions for one year.
 - a. Add 90 day grace period for all three credit bureaus
6. Economic Development Agencies such as Federal SBA, USDA, and State DCED can provide emergency low interest subordinate loans and lines of credit with expedited closing capabilities and relaxed underwriting guidelines to hospitality companies experiencing material adverse impacts from COVID-19. The same agencies may create or redirect existing grant programs with expedited application timelines and relaxed eligibility requirements to for profit businesses in the hospitality industry by tying desired responsible business practices such as “social distancing” and limited event sizes to grant participation.
 - a. Loans would not require collateral such as real estate
 - b. Interest rates could be closer to bond rates rather than 3.75%
 - c. Forgive portions of loan principal related to one-time COVID expenditures
7. Utility companies can offer temporary forbearance of delivery charges while still charging supply costs for hospitality businesses experiencing full or partial shutdown or reduction in business.
8. State government in controlled states such as PA can provide rebates on state profits of alcohol sales to Restaurant and Hotel LIDS to inject stimulus into hospitality industry while maintaining enforcement on all “enticement” policies.

9. State government can redirect Local Share funds from the gaming industry into hospitality recovery programs for eligible counties.
10. Federal and state government can require any emergency funds spent on temporary housing, meals and broadly defined office space/working environment to utilize hotel and restaurant capacity prior to exploring other options.