

**To:** Senate Committee on Economic Development, Housing, and General Affairs

**From:** Lake Champlain Regional Chamber of Commerce

**Date:** May 15, 2020

**Re:** COVID-19 and Vermont Tourism and Hospitality

Our lodging establishments, restaurants, bars, small retailers, farms, brewers, and distillers are intertwined as part of a long supply chain. As many Vermont restaurants and lodging establishments have temporarily closed their doors, they still have bills to pay and no income to pay them. While federal programs have been created to help cover payroll costs, these programs are not well suited to Vermont-size businesses, and more help is needed to ensure these businesses can meet these costs and reopen. Additionally, this sector received only 9% of the funding from the Paycheck Protection Program, despite being one of the sectors most affected by the pandemic.

For these reasons, LCRCC is proposing as a first step towards recovery the creation of a grant program that dedicates a portion of the dollars received by Vermont under the CARES Act to help serve as a bridge for hospitality businesses. Under the grant program, hospitality businesses could apply for grants equal to the sum of their rooms and meals tax remittance for their highest six month period of 2019. By utilizing the rooms and meals tax as a basis for assistance, you can ensure that the aid is proportionate to the need, fair, efficient, and tied to what these businesses will contribute to the economy after they weather this storm.

LCRCC believes that restaurants can resume dining operations outdoors by the end of the month utilizing outdoor space to create social distance and significantly lower risk. We've also asked for state assistance to push more of the business capacity outside of their buildings and into the open air and sunlight to accommodate more social distancing. There are three ways this could look;

1. Spilling out - allowing businesses to utilize sidewalks, greenbelts, and parking lots.
2. Blocking off streets - as an example, we all know Langdon Street in Montpelier, this street might be a prime candidate to be closed for some of the duration of the crisis.
3. Designated pickup spots - while we might help restaurants regain some of their capacity with outdoor seating, curbside take-out will invariably be the choice for many; turning some parking spaces near businesses into pickup spaces will not only make it easier for businesses and customers, it can prevent accidents and traffic issues.

We'd hope to see the guidance and resources from the state to make these accommodations. Additionally, while many of these things can be done at the municipal level, state-level action is necessary as well. For example, the Department of Liquor Control will need to loosen rules on

outdoor dining and the Department of Environmental Conservation may need to curb its instinct to count the newfound outdoor seating of a restaurant towards their wastewater permit.

Public health is of the utmost importance and all of these recommendations will need input from public health experts to ensure that they can be acted upon without excessive risk to public health or our healthcare system.

While the importance of tourism to our state might have been up for debate in past years, the massive hole in our budget from a lack of rooms and meal tax due to COVID-19 restrictions has ended that debate. We may not be able to welcome guests back just yet, however, LCRCC is requesting \$1 million be appropriated for marketing Vermont as a preferred destination for travel and tourism, focused on people within a day's drive of Vermont, often referred to as the drivetime market in which there are 80 million people. While there may be lag time between when this money is allocated and when it is activated on marketing spend to our drivetime destinations, we must be ready with marketing assets and messaging as soon as it is safe to execute on them.

The visitor economy is important to all regions of the state and this new funding would help our hospitality sector, one of the hardest hit by our response to the pandemic, recover more quickly. That recovery will re-create jobs that have been lost while boosting state coffers with increased rooms and meals tax revenue.