

April 20, 2009

Assemblyman Charles Calderon
Chair, Assembly Revenue & Tax
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Sacramento, CA
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The Golden Gate Restaurant Association represents restaurants in the San Francisco Bay Area. Most of our members are independent operators, and are suffering in the current economic climate. We are opposed to AB1019.

Many of our members are struggling to pay their bills, to maintain staff hours, and in some cases to keep their doors open. In the past year cost increases for food have been at a ten year high, led by wheat, corn and rice and ultimately followed by beef, poultry and pork. At the same time labor and benefit costs have continued to rise, especially in San Francisco, with CPI indexed annual increases in minimum wage and mandated expense for healthcare.

While costs are up, sales revenues are down. Restaurant guest counts are significantly down, and the existing customer is spending less on each meal. Due to the recession, the public is looking for value, putting pressure on restaurants to lower menu prices to maintain their customer counts. The restaurateur is caught in a no-win situation, unable to lower prices while cost escalation continues unabated. The restaurant industry is a labor intense, low profit margin business. Restaurants have reacted by limiting staff hours, eliminating management positions, closing for lunch, closing one night of the week, etc. to limit cost. The public has reacted by dining less frequently, and spending less when they do chose to dine out.

This is the wrong time to raise taxes. Straight and simple. Further taxes will have to be passed along to the guest, further eroding sales as the public looks for price reductions that the restaurants cannot afford to offer. Lower sales will reduce employee hours and force layoffs the restaurants are working hard to avoid.

We urge you to vote against AB 1019.

Sincerely,

Kevin Westlye
Executive Director

