



Good morning, Chairwoman Krueger and Chairwoman Weinstein:

My name is Melissa Fleischut and I am President and CEO at the New York State Restaurant Association. NYSRA represents several thousand of New York's more than 40,000 restaurants, with a statewide presence spanning your respective districts in Manhattan and Brooklyn, to Buffalo, to Montauk, to the Adirondack Park. I am here today to testify in strong support of Governor Hochul's "Drinks To-Go" proposal in the Executive Budget.

It is no secret the pandemic has dramatically impacted our industry. Our Association has spent the last two years tirelessly supporting one of the hardest hit industries during the pandemic and amplifying their stories for legislators and the public. According to the U.S. Small Business Administration, more than 27,000 New York restaurants, bars, and caterers applied to the Restaurant Revitalization Fund asking for more than \$9 billion in lost income from 2020 alone. Sadly, only 35% of those who have applied received funding and 74% of operators say their sales volume in 2021 was still lower than it was in 2019.

Restaurant closures during the pandemic are estimated to be between 10% - 15% which equates to roughly 4,500 permanent closures across New York State. In a recent survey our Association conducted, 86% of operators report business conditions are worse now than they were just three months ago due to the recent omicron wave. The impact on our industry is even more devastating in areas like Queens and Harlem and the South Bronx where so many of our restaurants do not have the reserve capital to weather such an elongated pandemic.

There is no silver bullet that will save our industry, so we are asking every level of government to help us piece the industry back together and drinks to-go has proven to be a tested and critical component. Demand for takeout and delivery exploded during the pandemic and has fundamentally changed how our industry feeds New Yorkers. During the 15 months the hospitality industry was authorized to sell drinks to-go, as many as 40% of our restaurant members' to-go orders included take out or delivery alcoholic drinks. This was a critical lifeline helping them to keep staff employed and weather the crushing impact of the pandemic on our industry. By offering drinks to-go, restaurants can provide a full restaurant dining experience at home that our customers, particularly many New Yorkers who increasingly demand the convenience of app-based meal delivery, are really craving. Our member restaurants can make the perfect margarita to go with your favorite Mexican dish or provide you with the ideal wine to pair with your meal. This is important in creating a memorable at home experience, that jointly meets demand and helps our struggling businesses.

Drinks to-go is incredibly popular with the public. In May of 2021, the Association commissioned a statewide poll that found:

- In New York City, **81%** of respondents are in favor.
- On Long Island, **79%** of respondents are in favor.
- In Upstate New York, **72%** of respondents are in favor.
- In the New York City suburbs (Nassau, Rockland, Suffolk, and Westchester



Counties), **83%** of respondents are in favor.

Overall, **96%** of New Yorkers who have purchased drinks to-go with takeout or a food delivery said they were in strong support of the previous executive order becoming permanent. Those respondents each ordered drinks to-go almost **13 times** on average in 2020-21.

New Yorkers also recognize the role restaurants play in communities — **91%** believe restaurants are an important part of a community's character and local economy and helping our restaurant industry should be a high priority for state leaders.

Drinks to-go is also good for our delivery workers. Drinks to-go increases demand for delivery and higher check totals translate to higher gratuities.

Liquor stores hope you will believe that we want this ability to become de facto liquor stores ourselves, but that is just patently not true. When was the last time you ordered a margarita at a liquor store? And it should be noted that under current law, beer, cider, and mead are legal for takeout and delivery by venues with on-premise licenses like restaurants. Governor Hochul's proposal is similarly modeled after New York's highly regulated beer, cider, and mead to-go law that our state's consumers have long demanded and safely enjoyed.

We also strongly disagree with the argument that helping restaurants will in turn hurt liquor stores. This is not a zero-sum game. For the 15 months New York authorized restaurants and bars to sell drinks to-go, liquor store sales soared. According to information from the Distilled Spirits Council of the United States (DISCUS), in 2020 sales of liquor at liquor stores increased by 38.9%. In 2021, sales at liquor stores were up by 34.3% over their annual average. During this time restaurants and bars were offering drinks to-go in New York.

For all these reasons, the New York State Restaurant Association would respectfully ask the Senate and Assembly fiscal committees to join the other 35 states currently offering legal alcohol to-go, 20 of those permanently, and include Governor Hochul's "Drinks To-Go" language in your one house budget bills and the final enacted State Budget.

Thank you for your consideration.

Melissa A. Fleischut
President and CEO