



August 10, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Newsom,

We represent more than 90,000 eating establishments across California. Our industry is perhaps one of the most visible examples of the devastation that business sectors are facing during this difficult time. No restaurant has been spared from the devastating impacts of COVID-19, with the worst being felt by small and independent restaurants.

Even as restaurants and other small businesses struggle for survival, Proposition 15 threatens us with a massive \$11.5-billion property tax increase.

We are calling on you today to stand with us and oppose Proposition 15, which is heading for the November ballot. Proposition 15 threatens to put even more independent restaurants out of business and cost more workers their jobs.

California's restaurants are the cornerstone of every community and an economic engine that, prior to the current economic crisis, employed 1.4 million foodservice workers and generated more sales tax (\$7 billion annually) than any other industry. Most of the state's 90,000+ restaurant locations are owned and operated by independent proprietors who live in the communities where they serve their customers. Additionally, 60 percent of California's restaurants are owned by people of color, reflecting the great diversity of our state.

Now is not the time to impose higher taxes on restaurants. California should be doing everything possible to help restore our economy and ensure that small businesses can make it through this crisis. Restaurants have often been a path for minorities and women to build their own business. These are the same small businesses that will be impacted by Proposition 15.



Despite claims from its proponents, Proposition 15 fundamentally fails to protect small businesses. Most small businesses rent their properties and have pass-through leases, which make them responsible for property taxes. Nothing in Proposition 15 will protect them from rising rents.

With their revenues plummeting, it's an impossible task for restaurants to take on the added costs from Proposition 15. The future is uncertain enough without the prospect of a steep tax increase.

To put things in perspective, the number of workers employed by restaurants and food service has fallen from 1.4 million in March to 880,000 jobs in May. When an industry is hurting like this, how can we even contemplate an \$11.5 billion tax increase?

The truth is, Proposition 15 will result in more bankruptcies and job losses—worsening a tragic economic disaster.

After enduring multiple shutdowns and the worst economic crisis in a generation, all we ask is that you stop adding new burdens to small businesses. Please stand with us in opposition to Proposition 15.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jot Condie", with a stylized flourish at the end.

Jot Condie
President + CEO