

## National Restaurant Association Supports FICA Tax Credit in House Tax Bill and Encourages Restaurant Depreciation in Final House-Senate Package

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The National Restaurant Association, representing an industry that is one of the nation's largest private-sector employers with 12.8 million workers and 935,000 restaurant-and-foodservice locations, today commented on the House's small business tax package:

"The National Restaurant Association is appreciative that the House Committee on Ways and Means bill includes a provision to ensure that Congress does not impose a FICA tax increase on employers as part of a mandated wage increase, however we are disappointed that it does not include a provision on accelerated depreciation for newly-constructed restaurant buildings as the Senate bill did last month," said Association president and chief executive officer, Steven C. Anderson.

"After the last federal wage hike in 1996, the restaurant industry lost more than 146,000 jobs and operators postponed plans to hire an additional 106,000 employees. The impact in our industry is acute, and it is vitally important to protect restaurant jobs," said Anderson. "Nearly half of all adults have worked in the restaurant industry at some point during their lives, and 32 percent of adults got their first job experience in a restaurant. For many, restaurant jobs lead to management and ownership opportunities: 8 out of 10 salaried employees have started as hourly employees."

"We believe tax relief should be targeted directly at those small businesses, such as restaurants, that would be most impacted by a mandated minimum wage increase," said Anderson. "Given that 60% of minimum wage earners are employed in our industry, we believe it is important to include restaurant depreciation and FICA tax credit extension in any final package. Inclusion of FICA tax credit and restaurant depreciation ensures that both segments - table service and quick service restaurants - of the industry that employs the most minimum wage earners are assisted in order to minimize job loss."

In nationwide surveys conducted in October 2006, restaurant operators reported that they plan to take a number of actions if the federal minimum wage was increased from \$5.15 to \$7.25 over the course of 30 months:

œ The most common action planned by restaurant operators would be an increase in menu prices, with nearly nine out of 10 operators saying they would increase menu prices as a result of a \$2.10 minimum wage increase.

œ Ninety-eight percent of quick service operators said they would increase menu prices, compared to about three out of four family dining and casual dining operators.

œ In addition to job losses, roughly one-half of restaurant operators said they would reduce the number of employee hours worked.

œ Approximately one out of four restaurant operators said they would postpone plans for new hiring if the federal minimum wage rose to \$7.25 over the course of 30 months.

œ Approximately three out of 10 restaurant operators said they would cut employee benefits as a result of a minimum wage increase from \$5.15 to \$7.25.

œ In general, the largest impact would be seen in the quickservice, family dining and casual dining segments, with fine dining experiencing a comparatively smaller impact.

"The Association will be working very hard to see that both restaurant depreciation and this FICA tax credit extension are included in the final small business tax package. We are hopeful that the House and Senate will work together and produce a more comprehensive final product," said Anderson.

The National Restaurant Association has been a leader in the debate on minimum wage on behalf of the restaurant industry. The Association chairs the Coalition for Job Opportunities, a group of more than 30 business organizations opposed to government-mandated increases in the entry-level wage.

The National Restaurant Association, founded in 1919, is the leading business association for the restaurant industry, which is comprised of 935,000 restaurant and foodservice outlets and a work force of 12.8 million employees - making it the cornerstone of the economy, career opportunities and community involvement. Along with the National Restaurant Association Educational Foundation, the Association works to represent, educate and promote the rapidly growing industry. For more information, visit our Web site at [www.restaurant.org](http://www.restaurant.org).

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