

look at the numbers.

6000+ eating and drinking establishments

Iowa's Restaurant and Tavern Industry 2016



66% of Iowa's hospitality establishments are independently owned and operated

143,000

Iowans work in the restaurant and tavern industry

That's 1 in 10 working Iowans!

Making HOSPITALITY Iowa's

2nd LARGEST

private sector employer.

\$3.5 Billion in Annual Sales



we protect. we promote. we advocate.

we advocate.



The Iowa Restaurant Association tracks dozens of issues each legislative session at the State Capitol. However, the Association is also at the forefront of a handful of issues.

Here are our top four.



the voice of Iowa's restaurant and tavern industry

#1



TIP WAGE SHOULD FREEZE

Iowa restaurants and bars with tipped employees are already paying twice the federal mandated "tip wage." Because of the impact tips have on the way the hospitality industry compensates employees, the Iowa Restaurant Association is calling for a freeze of the current \$4.35 tip wage and the elimination of the 60% of minimum wage sliding scale for tipped employees.

#2



REPEAL AND REPLACE CURRENT DRAM REQUIREMENTS

The Iowa Restaurant Association is calling for the decoupling of liquor licenses for restaurants and bars and DRAM insurance policies. Hospitality operators are the only segment of the marketplace required to provide proof of a particular line of insurance to receive licensure. This has created an unfair playing field and places undue burden on hospitality operators. The Association would like to see this replaced with a state operated victim's fund that is derived from the already collected taxes on beer, spirits and wine. (HSB 505)

#3

STATE, NOT COUNTIES, SHOULD DETERMINE MINIMUM WAGE

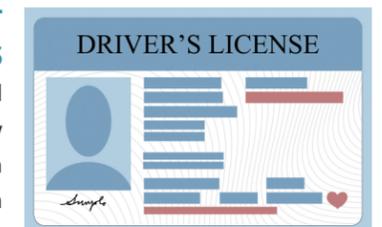
It's been several months since Johnson County's Board of Supervisors passed an ordinance to raise its minimum wage. On Nov. 1, the county jumped from \$7.25 an hour to \$8.20. Wages are slated to increase two more times this year. Cities within Johnson County limits had the ability to opt out of the increase—some did, others chose to comply. The Iowa Restaurant Association is one of the few organizations that publicly objected to the county's approach because if they are allowed to thwart state pre-emption laws, there will be an unpredictable patchwork of wages across the state.



#4

REQUIRE 21 YEAR OLDS TO GET HORIZONTAL-ORIENTED DRIVER'S LICENSES

Currently those under the legal drinking age are required to carry vertical-oriented drivers' licenses. Once they've turned 21 years old, they are not required to get a new license until it is due for renewal—often years later. The Iowa Restaurant Association believes that alcohol age compliance would be improved by requiring people to receive a new horizontally-oriented drivers' license within 30 days of turning 21.



freeze tip wage at \$4.35.

increasing tip wage decreases income



Iowa's restaurants and bars guarantee employees who directly reap the rewards of their own hard work by receiving a portion of their pay via tips, make at least the minimum wage. However the vast majority of tipped employees receive far more. Freezing the current \$4.35 tip wage makes it possible to raise the pay of non-tipped employees.

Today all employees are guaranteed minimum wage.

In Iowa, those who receive tips are paid an hourly wage 60% of the minimum wage (\$4.35 per hour) plus tips. This is double the Federal wage for tipped employees (\$2.13 per hour.)

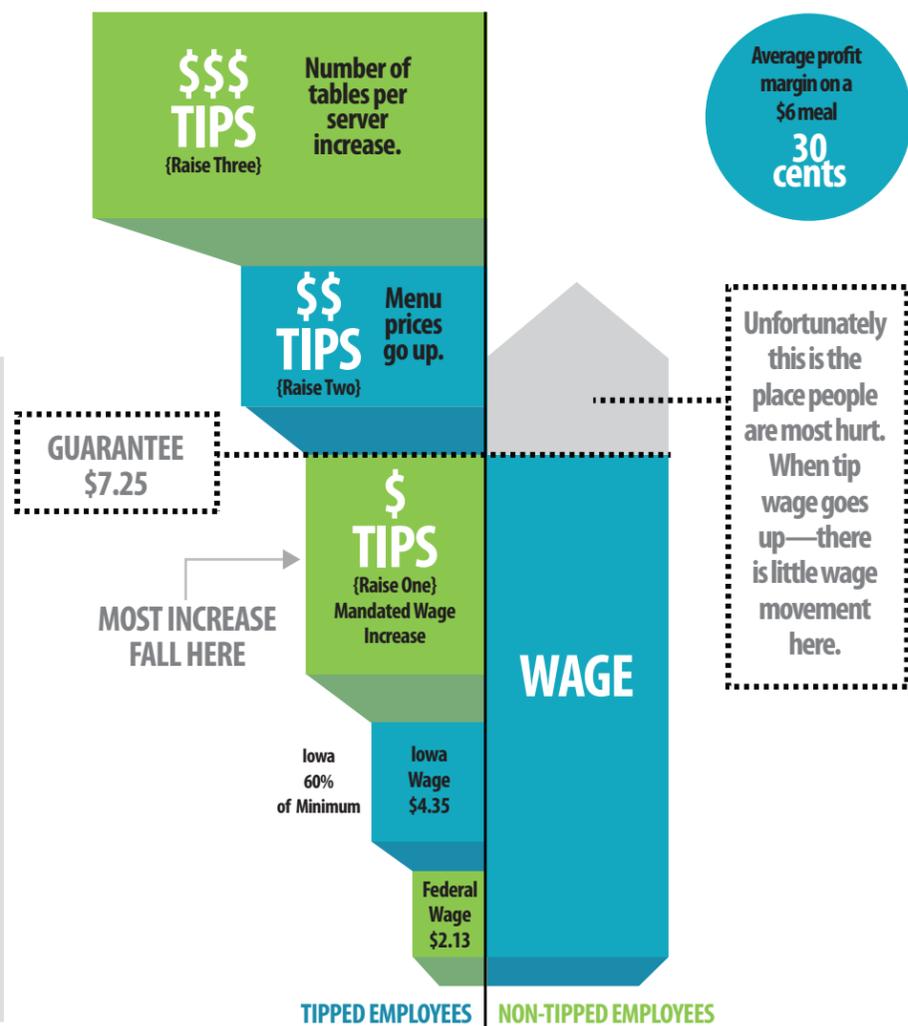
Today, the average tipped employee is grossing anywhere from 15% to 40%+ above minimum wage.

If the minimum wage is increased and the tip wage also goes up, the vast majority of increase will go to the tipped employees—who are already making well above minimum.

Raise One:
Tip wage is increased \$6.00 per hour (if minimum becomes \$10.)

Raise Two:
If restaurants take steps to cover costs by raising menu prices, only tipped employees benefit—as consumers generally tip based on the bill.

Raise Three:
If restaurants take steps to decrease the cost of sales by increasing the number of tables each server must cover on their shift, they will have more customers and thus more tip wage.



Unintended consequences:

The very people who minimum wage increases are intended to help are not helped, because mandates require that increases go to the people who make the most already!

Legislative solution:

Regardless of what happens with minimum wage, freeze Iowa's tip wage.

repeal and replace 123.92.

protect the innocent victims



DRAM reform is past due in the state of Iowa. Laws that were written over 80 years ago no longer apply or protect. Iowa's hospitality establishments are the sole source of protection and financial compensation for victims hurt by the irresponsible behaviour of an individual who over imbibes.

While the format and outlets for alcohol sales have increased dramatically, financial responsibility for consumer behavior is the exclusive burden of restaurants and taverns.

Every year the amount of liquor, beer and wine Iowans buy increases. Between markups and state excise tax, the state received \$302+ million in revenue from the sale of alcohol in 2015.

The vast majority of the funds generated are appropriated to various state programs by the Iowa General Assembly.

\$20.4 million are allocated to the state Department of Public Health. \$3.7 million from sales or licenses are remitted to cities and counties issuing the licenses.

Perhaps it is time for a portion of this tremendous profit to be set aside to protect innocent victims of alcohol related incidents.

Types Who Sell

- Liquor Stores
- Drug Stores
- Grocery Stores
- Discount Stores
- Big Box Retailers
- Convenience Stores
- Gas Stations
- Restaurants
- Taverns



Types Who Cover



\$319 million—up 5%

This staggering number is the overall revenue that the state of Iowa generated from the sales of alcoholic beverages in 2015

Should everyone who profits share the burden and provide protection?

Unintended consequences:

1. Innocent victims only have protection available in about 1 in 5 situations.
2. When things go wrong, there's an incentive trail back to the insurance policies of restaurants and bars—even when they didn't over serve.
3. Quality insurance policies are harder to find, more expensive, and offer less coverage.
4. Many top insurers are leaving the state.



Legislative solution:

Replace outdated alcohol liability laws and create a state run victims fund from collected state taxes.