

House Committee on Small Business

"Role Small Businesses Can Play in Jump-Starting the Economy"

October 10, 2001

Prepared Remarks of Christianne Ricchi, i Ricchi Ristorante

Thank you, Mr. Chairman. Chairman Manzullo and members of the Committee, my name is Chris Ricchi and I am the owner of i Ricchi Ristorante in Washington, D.C. I am testifying here today on behalf of the National Restaurant Association, which is the leading business association for the restaurant industry. Together with the National Restaurant Association Educational Foundation, the Association's mission is to represent, educate, and promote a rapidly growing industry that is comprised of 844,000 restaurant and foodservice outlets employing 11.3 million people around the country. As a member of the Board of Directors of the Association, I am proud to say that our nation's restaurant industry is the cornerstone of the economy, careers and community involvement.

Mr. Chairman, I am living the American dream. I have over 30 years of experience in the restaurant industry and I am the owner of a successful restaurant in the nation's capital. I opened i Ricchi in 1989 after a trip to Italy several years before where I met a family who owned a trattoria in the hills outside of Florence. I became enamored with Italian cuisine and simple country living. I began working in the kitchen, subsequently the wine cellar and the dining room. From that experience I became familiar with all aspects of running an Italian restaurant.

The tragic events of September 11, 2001 have had a dramatic impact on all aspects of American society. The economic harm to the restaurant industry resulting from the terrorist attacks has been substantial, particularly on fine dining restaurants, airport concessions and restaurants located in urban and rural travel destinations.

As I understand it, the purpose of today's meeting is to examine the role that small business can play in jump-starting the economy. This is a very timely and important hearing. My restaurant is a small business employing 60 people. Most of my employees have worked in the restaurant for more than ten years and some have been with me since the opening, 13 years ago. All of my employees are heads of their households. I care deeply about the future of my business, my employees and our industry as a whole.

At i Ricchi, most of our business during the week is from business travelers, convention and meeting attendees, tourists and hotel guests. Most of our business on weekends is from hotel guests and local residents. My restaurant has seen a dramatic decline in business, more than 60% since September 11, and we are facing a potential loss of revenue for the remainder of the year in the range of \$500,000. This sharp decline in sales is also being felt by our suppliers.

Not only have we seen a decline in the number of hotel guests and tourists, but we have seen a decrease in the number of local diners who are still not comfortable with dining in downtown Washington and who are either staying in the suburbs or eating at home. As of today, we have not had to let go any of our employees, but this will change very soon if business does not pick up. We have, however, cut back on shifts and days worked across the board.

The dramatic decline in sales experienced at i Ricchi has been felt by restaurants across America. I have personally spoken to restaurateurs in San Francisco, Monterey, Boston, New Orleans, Orlando, Palm Beach, St. Louis, Las Vegas, and New York and they have shared similar stories regarding the significant declines in their business.

Mr. Chairman, I have several suggestions on the best way to help the restaurant industry in these difficult economic times. First, people follow leaders. All leaders, including national and local political figures, business leaders, sports figures and celebrities must make an overt effort to return to restaurants. They need to be seen getting out into the community and going to restaurants.

I also understand that Congress will consider legislation to provide a stimulus to our fragile economy. Mr. Chairman, I know that you and other members of the Committee have put forward important ideas on what might be included in this package. Three items would provide needed stimulus to the restaurant industry: 1) Permanently extend the Work Opportunity Tax Credit, which gives employers a federal income tax credit of up to \$2,400 per year against the wages of certain categories of disadvantaged workers, including former welfare recipients; 2) A shorter depreciation schedule for restaurant buildings to help finance structural improvements and to bring the schedule in line with other businesses such as gas stations and convenience stores; 3) A full restoration of the business meal deduction.

Mr. Chairman, with 11.3 million employees, the restaurant industry is our nation's largest employer outside of government. The restaurant industry lost 103,000 jobs in September, according to the Bureau of Labor Statistics due to slower sales because of economic conditions and the September 11 terrorist attacks. Unless Congress acts in a manner which recognizes the unique perspective of small businesses, I fear that important segments of our industry will continue to face very difficult challenges in the months and years ahead.

Mr. Chairman and members of the Committee, thank you again for this opportunity to appear before you today. I would be happy to answer any questions.