

Sales Tax on Meals

Cannon Beach City Council has proposed a 5% sales tax on prepared food and expects to vote on the Ordinance (No. 21-05) at the next City Council meeting this Wednesday, July 14.

Please plan on joining ORLA and fellow restaurateurs at the meeting in person to share your opinion on this new sales tax on meals and how it will impact your business.

CITY COUNCIL SPECIAL MEETING

Wednesday, July 14, 2021 - 6:00pm

City Hall Council Chambers

163 E. Gower Avenue, Cannon Beach, OR 97110

Make a spoken public comment during the meeting in person:

A sign in sheet will be on the podium inside the Council Chambers.

Make a spoken public comment prior to the meeting:

You must submit it by noon, the day of the meeting to cityhall@ci.cannon-beach.or.us.

These written comments will be included in the record copy of the meeting.

Make a spoken public comment through the Zoom link:

Please submit your request to speak by noon, the day of the meeting to cityhall@ci.cannon-beach.or.us.

For reference:

<https://www.ci.cannon-beach.or.us/citycouncil/page/city-council-special-meeting-17>



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Cannon Beach Prepared Food Tax Talking Points

Last Year, Most if Not All of the Restaurants in Cannon Beach Operated in the Red

Without federal grants many of us would have had to close our doors.

A Sales Tax on Meals Takes Money from Hard Working Restaurant Workers

Restaurant workers compete for tip income when taxes appear on receipts. After a year of COVID-19, it is immoral to take household income from frontline workers trying to put food on the table for their families.

Restaurants Make on Average 3-5% on Sales

A sales tax on meals would result in the City of Cannon Beach making as much money or even more money than the businesses themselves.

There Has Been No In-Person Public Process to Fully Vet the Merits of a Cannon Beach Prepared Food Tax

Covid-19 has dismantled the ability of local communities to convene important conversations that must take place in-person. Passing a historic sales tax on meals on one of the hardest hit industries immediately following a once in a century pandemic with no in-person public process is untenable.

We Need More Time to Identify Alternative Solutions Together

The restaurant industry is ill-prepared to handle the significant consequences of a new sales tax on meals that other communities surrounding Cannon Beach do not have. Instead, let's leverage our collective community strengths to help solve funding shortfalls as we begin the important process of reconvening in-person local conversations.

Administrative Fees Kept by Restaurants Would Not Cover Increased Administrative Costs

A new sales tax on meals in Cannon Beach would result in overhauls of payment processing systems as well as ongoing administrative duties. A local restaurant location could expect to pay over \$10,000 to upgrade their system and manage recurring tax collection responsibilities. These are costs and managerial duties which will directly result in more industry suffering after 15 months of Covid-19.

There is a Full Blown Worker Crisis Crippling Local Restaurants

Cannon Beach is currently suffering from reduced hours of operation for a number of local restaurants due to a severe workforce shortage. The problem is expected to grow which will most likely impact the consistency and reliability of any new sales tax on meals collected by restaurants.

It's Not Fair to Single Out Restaurants for a Tax

Particularly if the revenues raised will not be devoted exclusively to funding hospitality/tourism ventures.

Meals Taxes, Which Target One Product Provided by One Segment of the Business Community, Are Not Good Business Sense

Revenues to support services in which the entire community will benefit should be paid by the entire community.

Any Time Taxes are Increased, There is a Corresponding Decrease in Sales

Increasing taxes drives away sales, which not only reduces collections of the sales tax, but ultimately property and income taxes as well.

Unlike Other Solutions, a Meals Tax is a Financially Fragile Fix

Restaurant sales tend to plummet during economic downturns, thus becoming an unreliable funding source for the city.

Cannon Beach and the Surrounding Area is Clearly a Vibrant Tourist Destination, Whose Economic Health is Closely Tied to the Visitor Industry

A meals tax would place the city at an unfair economic disadvantage compared to its neighbors. Potential visitors would choose other cities for recreation, shopping and dining.



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