

HOW A TRUMP PRESIDENCY AFFECTS THE HOSPITALITY INDUSTRY

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The election of Donald Trump as the 45th president of the United States was, to many Americans, a stunning upset of the status quo. Regardless of which candidate you supported, we can all expect significant policy changes in the coming months that will have lasting effects on both individuals and businesses.

While it's still largely unclear what a Trump presidency will look like — he spoke in generalities rather than specifics during much of the campaign — nevertheless his stance on several issues will undoubtedly substantially impact the hospitality industry. On other issues, things are not quite so clear-cut. There are both positive and negative ramifications of the changes he is considering.

Trump has made no secret of his desire to repeal, or at least radically amend, the Affordable Care Act. This could be good news for the hospitality industry, especially restaurants.

The ACA mandates that businesses with at least 50 employees provide affordable health insurance for their employees. This has proved to be a crippling financial burden for many restaurant owners, as well as a deterrent to future growth and expansion. While we don't know all of the specifics of Trump's health care plan, nonetheless we can be optimistic, based on the many statements he has made, that it will provide much-needed relief for the majority of small business owners. They will be able to increase their work forces, as they think about expanding and growing their businesses.

Trump appears to lean toward letting the states determine whether the minimum wage should remain the same or be increased — and by how much — rather than sticking with a federally determined wage. The hospitality industry, on the whole, operates on a very tight profit margin, so rising wages in recent years have impacted margins even more. A slowing of those costs would certainly be beneficial to the hospitality industry, creating more jobs and reducing the cost of eating out for many consumers. That could be coming under Trump.

Trump has pledged to slash trade regulations, saying he wants to repeal those developed under the Dodd-Frank financial reform law, replace that law, and freeze regulation overall. While this might theoretically make it easier for small businesses, we don't have a sure idea of which regulations might be eliminated or replaced.

I do believe, however, that the new president's trade policies will likely result in an increase in the cost of imported liquors and wines. This will, in turn, help our domestic distilleries sell more product and increase their price differentials, provided they step up their marketing efforts and improve the

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quality of the products they sell.

The impact of Trump's strong stance on immigration, including the potential deportation of undocumented workers, is still murky as it pertains to the hospitality industry. An estimated 10 percent of restaurant workers are immigrants — some documented, many not.

On the one hand, mass deportations might increase job opportunities for domestic Americans and documented workers, which is a good thing. On the other hand, however, it might also increase the prevailing wage and force companies to hire only native, domestic workers and those documented workers already here. In other words, there would be no new influx of potential workers. Good or bad? Only time will tell.

While Trump's campaign often came up short of specific changes he will implement, we can be sure that there will be sweeping changes that will significantly impact the business community. The jury is still out on whether Trump's policies will help, or hurt, the hospitality industry as a whole. It does appear, however, that the outlook is good.

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