

IOWA RESTAURANT ASSOCIATION'S PREMIER PUBLICATION FOR THE RESTAURANT, LODGING, AND BAR INDUSTRIES

SPRING 2025

IOWA HOSPITALITY ADVOCATE

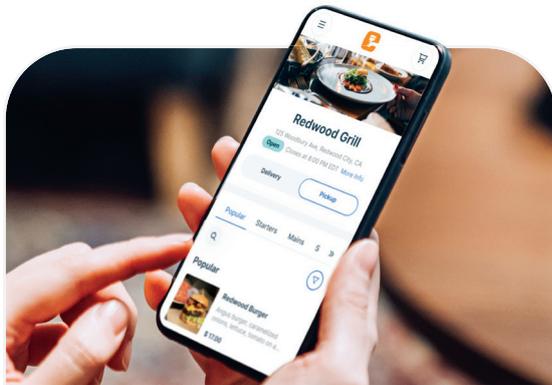


One Voice, Many Faces *Iowa's Hospitality Industry Unites in Advocacy*

INSIDE: State of the Industry Report

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71% of consumers
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technology improves
their guest experience

— Restaurant Technology News



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IOWA HOSPITALITY ADVOCATE

Iowa Hospitality Advocate is the official publication of the: Iowa Restaurant Association, Iowa Restaurant Association Education Foundation, Iowa Hotel & Lodging Association and Iowa Latino Hospitality Council.

It is produced three times a year and is distributed to hospitality industry professionals across the state of Iowa. Editorial features cover business, legislative, and other trends impacting Iowa members & proprietors.

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Letter from the Editor

This issue of the Iowa Hospitality Advocate lays out what we're hearing—and seeing—across the state: costs are up, margins are tight, and operators are being asked to do more with less. Whether it's credit card fees eating into profits, labor challenges that still haven't fully let up, or insurance premiums on the rise, Iowa's hospitality businesses are under real pressure.

But amid those pressures, we're also seeing clear priorities emerge. Business owners aren't just focused on staying afloat—they're finding ways to adapt, invest, and advocate. Our industry surveys from both restaurants and hotels provide detailed snapshots of what's working, what's not, and where we need to go next.

That's why our Associations have been busy this year. From advocating for swipe fee reform and new tax policy in Des Moines and D.C., to helping shape legislation that protects hotel interests in potential tourism districts, we've worked hard to bring real-world data to every table where decisions are being made.

At the same time, we've expanded our direct support for operators—teaching hundreds of people across the state in both English and Spanish through ServSafe and ServSafe Alcohol courses, made possible by grant funding we worked hard to secure. Our Iowa Latino Hospitality Council continues to grow, connecting with Spanish-speaking business owners and helping them access education, certifications, and a broader community of support.

So yes, there are challenges—and plenty of them. But there's also energy, action, and real momentum. As always, we remain focused on practical solutions, strong partnerships, and the people who make Iowa's hospitality industry what it is.

Watch for some big changes in the coming months—we will be rolling out new member engagement tools designed to help us stay connected, share resources, and support one another across Iowa's hospitality community!



Jessica Dunker
President & CEO
Iowa Restaurant Association
Iowa Hotel & Lodging Association



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One Voice, Many Faces

Iowa's Hospitality Industry Unites in Advocacy

Working together, restaurants, hotels, Latino-owned

Hospitality professionals from Iowa joined their national peers this year in Washington, D.C., to advocate for federal policies that support local business growth. Although restaurant and hotel delegations traveled separately, both focused on shared concerns: swipe fee reform, access to capital, and restoring tax provisions that make reinvestment possible.



Pictured: Iowa's restaurant delegation met with Congressman Zach Nunn in Washington D.C.

NATIONAL ADVOCACY



At the National Restaurant Association's Public Affairs Conference, Iowa restaurant owners called for:

- The Credit Card Competition Act, which would introduce market alternatives to the two companies controlling 80% of U.S. credit card processing. The bill could lower fees and save businesses and families billions
- The ALIGN Act, which would restore full, immediate deductibility for restaurant equipment and renovation costs.
- The AIMM Act, which would reinstate the ability to deduct depreciation and amortization when calculating business interest expense—important for operators using loans to grow or upgrade.

At the Asian American Hotel Owners Association (AAHOA) Conference, Iowa hoteliers also supported swipe fee reform and tax relief, while urging Congress to pass:

- The LIONS Act (H.R.1893/S.901), bipartisan legislation to raise SBA loan limits from \$5 million to \$10 million to better reflect the cost of hotel development and renovation.

ELEVATING STATE PRIORITIES

In Iowa, the Iowa Restaurant Association and the Iowa Hotel & Lodging Association each hosted a Day at the State Capitol, where members met with lawmakers on issues directly affecting their sectors. Members of the Iowa Latino Hospitality Council Board of Directors, all restaurant owners, joined the IRA for restaurant-focused meetings. The groups shared a key policy priority: eliminating swipe fees charged on state sales tax.

Restaurant-specific priorities included:

- Following discussions on tip taxation and its potential impact on employees and operators
- Monitoring THC-related legislation and liability concerns
- Alcohol-related legislation including direct shipment, floor pricing, and DRAM issues

Hotel-specific priorities included:

- Protecting hotel/motel tax revenue for tourism marketing
- Aligning state per diem rates with federal standards
- Addressing double taxation on hotel supplies required by law
- Supporting hotel partnerships with Destination Marketing Organizations (DMOs) through incentive rebates, commissions, and guaranteed group rates
- Ensuring Tourism Improvement Districts are accountable to contributing businesses

BRINGING TOGETHER Iowa's Hospitality Leaders

businesses, and the Foundation strengthen their impact.



Pictured above: Norwalk High School ProStart students with Senator Tony Bisignano.



Pictured above: Iowa hoteliers with the sponsor of the hotel tax bill, Representative Craig Johnson.



Pictured above: Iowa hospitality leaders and lawmakers connect at the annual Taste of Iowa Hospitality Legislative Reception.

The Iowa Restaurant Association Education Foundation was also at the State Capitol participating in CTE Day, where high school ProStart culinary students prepared and served food to lawmakers in the rotunda.

Later that evening, students helped staff the Taste of Iowa Legislative Reception, co-hosted by the Iowa Hotel & Lodging Association, the Iowa Restaurant Association, and the Education Foundation in the Reinhardt Room in Des Moines. Nearly half of the state's 150 legislators attended the annual event, where they connected directly with restaurant and lodging professionals from across Iowa. Leaders from the Iowa Latino Hospitality Council and the Education Foundation were also present to share insight and answer lawmakers' questions.

Together, Iowa's hospitality organizations advanced shared priorities, educated lawmakers, and built momentum for policies that support business growth. From swipe fee reform to tourism funding, the industry made clear we are organized, informed, and engaged at every level of government.

To keep that momentum going, our hospitality advocacy groups need more operators at the table. Join the Iowa Restaurant Association, the Iowa Hotel & Lodging Association, or the Iowa Latino Hospitality Council to ensure your voice is heard and your business is represented in the decisions that shape our industry.



State of the Iowa Hospitality Industry

A Tough Year, National Insights, and the Road Ahead

Iowa's hospitality industry had to navigate shifting demand and rising costs in 2024, creating new challenges across the state. Restaurant traffic was down, and hotels filled fewer rooms than the year before. But operators aren't waiting for things to turn around on their own—they're getting creative. From immersive dining experiences to themed stays and special events, businesses are finding ways to attract new customers and re-engage value-conscious regulars.

More than half of Iowa restaurant operators saw customer traffic decline from 2023 to 2024, but that was still better than the national trend, where 61% reported a drop. Profitability followed a similar pattern—48% of Iowa restaurants were not profitable in 2024, while nationally, 39% reported they were in the red.

Iowa hotels also felt a slight downturn, with occupancy dipping from 53.6% in 2023 to 52.5% in 2024, even as the national average ticked up to 63.6%. There was some good news though—room rates nudged higher, with the state's Average Daily Rate (ADR) climbing to \$109.18. Revenue per Available Room (RevPAR) held steady, but nationally, both ADR and RevPAR continued to grow, signaling stronger demand in other markets.

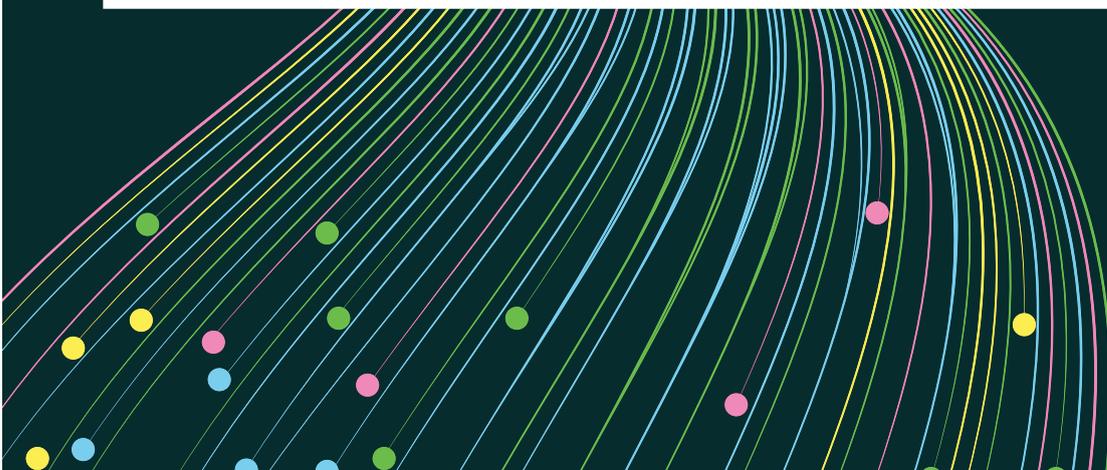
Glance Into State vs National Insights

48%

of Iowa restaurants were not profitable in 2024.

39%

of restaurant operators (nationally) reported they are operating in the red.



Carrying the Weight: Debt and Insurance Challenges in Hospitality

While rising costs continue to dominate headlines, many Iowa restaurants and hotels are still carrying another burden—pandemic-era debt. More than half of restaurant operators and 50% of hotel operators reported they are still repaying PPP, EIDL, or other COVID relief loans. For some, rising interest rates have made repayment even harder, limiting the ability to invest in renovations, technology, or expansion.

Insurance is another growing challenge. Property, liability, and DRAM insurance premiums have surged, with 65% of hotel operators and 88% of restaurants nationally citing major increases. Reduced competition among insurers and stricter coverage requirements have made renewal processes longer and more expensive.

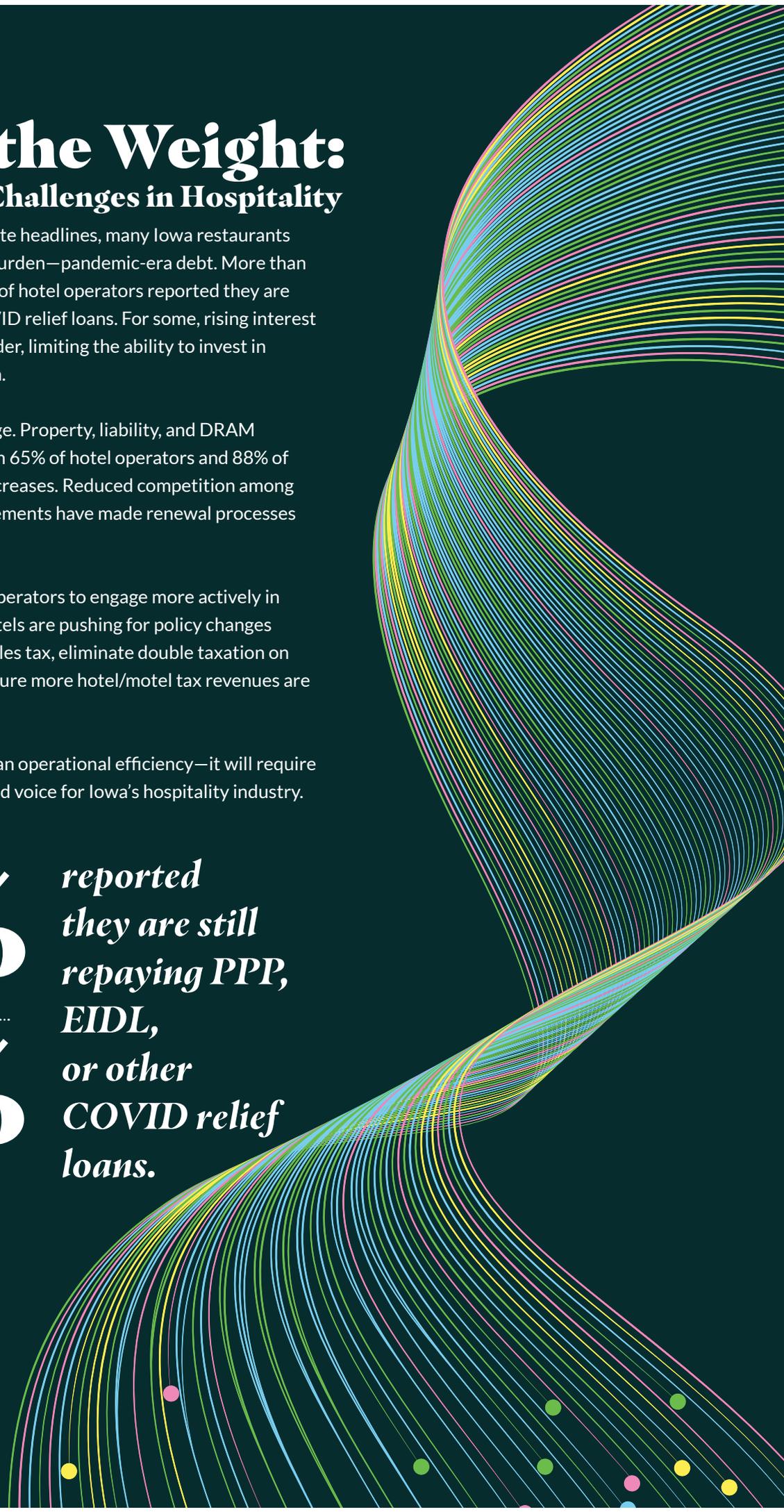
Financial pressures are also leading operators to engage more actively in advocacy efforts. Restaurants and hotels are pushing for policy changes to reduce credit card swipe fees on sales tax, eliminate double taxation on required hotel room supplies, and ensure more hotel/motel tax revenues are directed to tourism development.

Navigating 2025 will require more than operational efficiency—it will require strategic advocacy and a strong, united voice for Iowa's hospitality industry.

50%
of hotel operators....

54%
of restaurant operators....

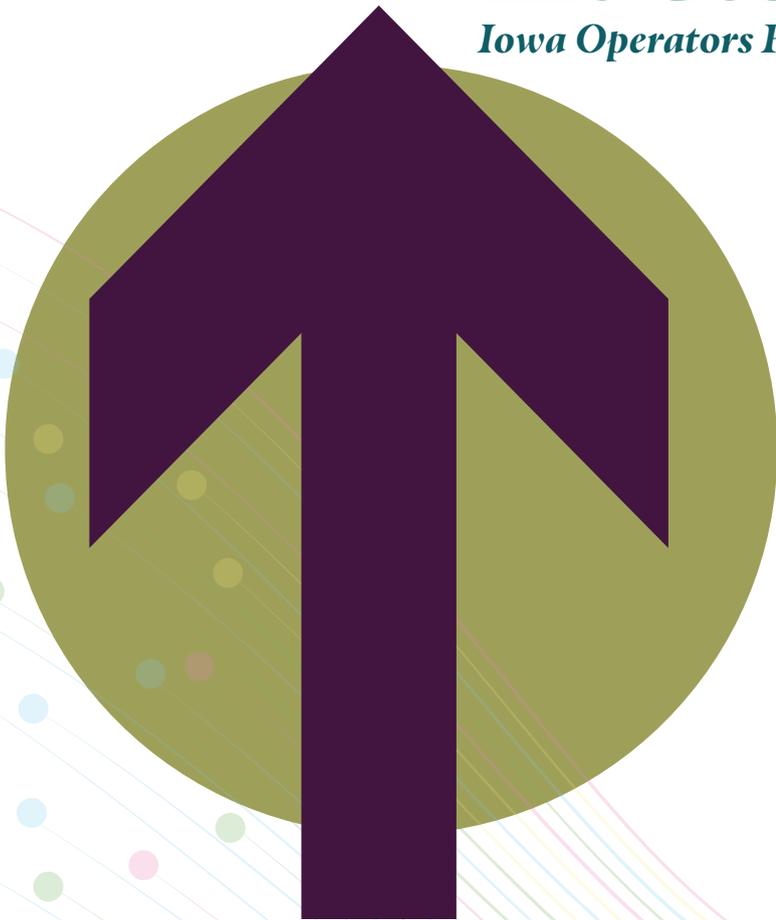
*reported
they are still
repaying PPP,
EIDL,
or other
COVID relief
loans.*





The Cost of Everything...

Iowa Operators Face Rising Expenses, Shrinking Margins



Since 2019, Iowa restaurant operators have faced rising costs across nearly every operational category. In 2024, 57% reported that overall expenses had increased by more than 30% since the pandemic. No operators reported lower or even stable costs. Labor costs followed a similar trend—more than 90% of operators saw an increase, with nearly half saying wages had risen by more than 30%. Operational expenses such as utilities, rent, insurance, and credit card fees also climbed, with 97% of operators reporting an increase and more than half seeing a significant spike.

As expected, food and labor costs remain the biggest financial burdens, ranking as the top two factors impacting profitability for Iowa operators. But other expenses are adding to the strain. Credit card processing fees, rent, utilities, and insurance are cutting further into already tight margins. Inflation, economic uncertainty, and workforce challenges only added to the pressure in 2024, making it even harder for operators to manage costs and maintain profitability.

A Closer Look at Iowa's Restaurant Landscape

57%

of operators report overall expenses increased more than...

30%

90%

of operators saw an increase in labor costs.

Nearly HALF of those operators say wages have risen by...

30%

84%

of operators rank food costs among their TOP TWO concerns

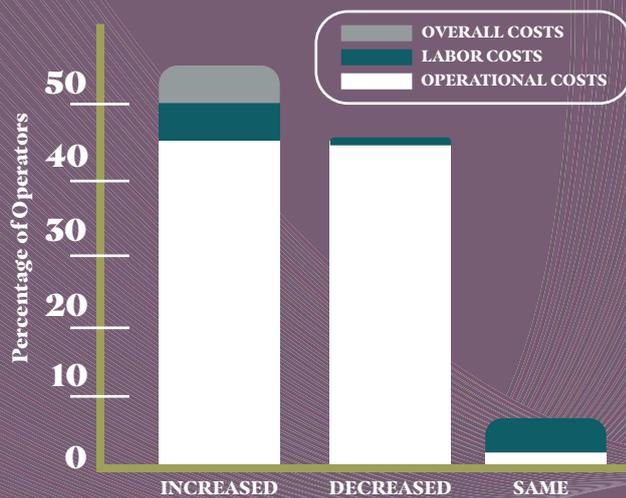
National Trends Show Similar Challenges

Iowa operators aren't alone in facing rising expenses. Across the country, restaurant costs have climbed at similar rates, with average food and labor expenses now more than 30% higher than pre-pandemic levels. Insurance and energy costs have also added to the burden, with 88% of operators nationally citing rising insurance costs as a concern and 83% struggling with increased utility expenses.

Looking ahead, restaurant operators nationwide expect 2025 to bring more of the same. Labor costs, food costs, and hiring challenges remain top concerns for both full-service and limited-service operators. While expenses aren't likely to drop, national trends suggest that maintaining sales volume and improving operational efficiencies will be critical for navigating the high-cost environment.

IOWA RESTAURANT COSTS & CHALLENGES: 2019-2024

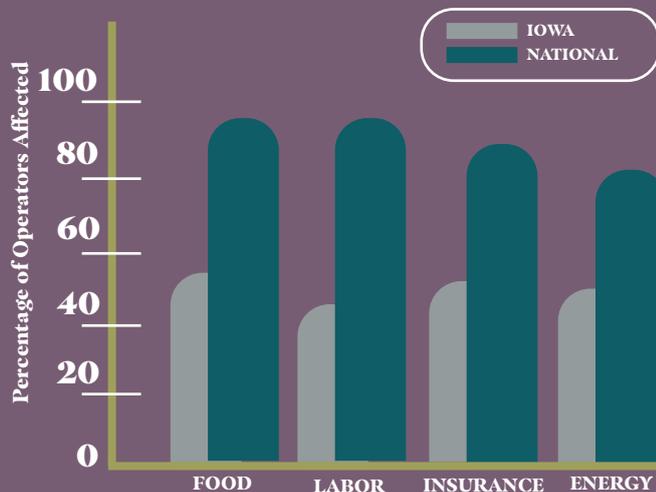
Cost Increases Since 2019



Cost Categories Impacting Profitability



Cost Increases Since 2019



Biggest Challenges in 2024





The New Value-Driven Guest: Experience, Engagement, and Opportunity

Nearly 80% of Iowa restaurant owners reported that diners became more focused on value in 2024. The Iowa Restaurant Association's 2025 State of the Industry report found that 63% of operators introduced new discounts, deals, or promotions in response. The most common strategies included limited-time specials (57%), happy hour or time-based deals (52%), combo meals or bundled pricing (36%), and loyalty or rewards programs (31%).

Looking ahead, 45% of Iowa operators said they plan to introduce new value-focused promotions in 2025, while another 36% remain undecided.

National data reflects similar trends. The National Restaurant Association's 2025 State of the Industry report shows that 95% of operators noticed more value-driven consumers in 2024, and 53% introduced new promotions. Discounting strategies varied by segment, with 60% of limited-service operators offering new deals compared to 33% of fine-dining establishments. Nearly half of operators nationally expect to maintain value-focused promotions into 2025.

Consumer Behavior Offers Clues

Findings from the National Restaurant Association 2025 State of the Industry Report show that discounts and promotions strongly influence dining decisions:



82%

of delivery customers say a daily special, discount, or promotion impacts where they order.



75%

of quick-service and coffee shop customers prioritize value.



62%

of full-service diners factor value into choosing a sit-down restaurant.

LOYALTY

as a Value Strategy

Loyalty programs continue to gain momentum as well. In Iowa, 31% of restaurants reported offering loyalty or rewards programs in 2024. Nationally, limited-service operators led adoption, with three out of four noting increased traffic tied to loyalty efforts. Among full-service restaurants, 80% of fine-dining operators with loyalty programs reported positive outcomes.

While discounts and promotions are effective for driving short-term traffic, loyalty programs are helping restaurants strengthen long-term customer relationships. National research shows that 61% of delivery customers and 54% of quick-service customers prefer restaurants where they are loyalty members. Iowa operators have already taken steps to adapt to evolving consumer expectations. Aligning local strategies with national trends may help drive traffic, improve engagement, and position businesses for stronger growth in 2025.



Iowa Restaurant Operators Deliver Value

57%

limited-time discounts

52%

happy hour or time-based meals

36%

combo meals or bundled pricing

31%

loyalty or rewards programs

Off-Premises Customers Rank

Value Nearly as High as Speed and Service

Off-premises dining remains a critical component of restaurant operations heading into 2025. The National Restaurant Association's 2025 State of Off-Premises report highlights how customer expectations across delivery, takeout, and drive-thru experiences continue to converge, with speed, service, and perceived value being top priorities.

Value-driven promotions are still a major decision driver in off-premise dining. More than eight in ten off-premise customers said they would take advantage of daily specials, combo meals, and buy-one-get-one (BOGO) offers if available. Discounts during off-peak times present another opportunity, with roughly 80% of customers across all segments indicating they would dine at less busy times if incentivized by a discount.





Iowa Hotels Focus on Loyalty and Experiences to Meet Evolving Guest Expectations

Traveler expectations continued to shift in 2024—and Iowa hotels adapted. While restaurants across the state adapted to greater value-consciousness in 2024, hotels responded by enhancing guest experiences and marketing to event-driven travelers. Nearly three-quarters of Iowa hoteliers reported growth in group bookings, in-state tourism, and youth sports-related travel. **About 72% said they now offer guaranteed group rates for events, while 73% noted a measurable increase in sports-related tourism over the past two years.**

Personalization Matters More Than Ever

Some Iowa hotels are already making changes. Operators reported offering extended dining hours, local culinary packages, and curated tours to create more memorable stays. At the national level, brands are also expanding beyond the stay itself—investing in experiences like wellness retreats, gaming, and entertainment to diversify their revenue streams and keep guests engaged.

Delivering Value Through Experiences

To meet rising demand, many Iowa properties introduced bundled packages, extended stay offers, and partnerships with local attractions. About 41% of hotels said they are actively marketing local tours, culinary experiences, or customized activities to enhance guest stays. Operators noted that guests were still focused on price—but increasingly sought added value through personalized experiences, convenience, and service.

National Trends Reflect Local Strategies

National, hotels are seeing the same shift. According to the American Hotel & Lodging Association's 2025 State of the Industry Report, 72% of consumers now expect companies to adapt to their evolving preferences.

Across the country hotels responded by:

- * **Creating travel packages for solo guests**
- * **Building customizable group experiences**
- * **Investing in wellness and “digital detox” programs**

Younger travelers, solo adventurers, and families are all looking for more tailored options that fit their lifestyle.

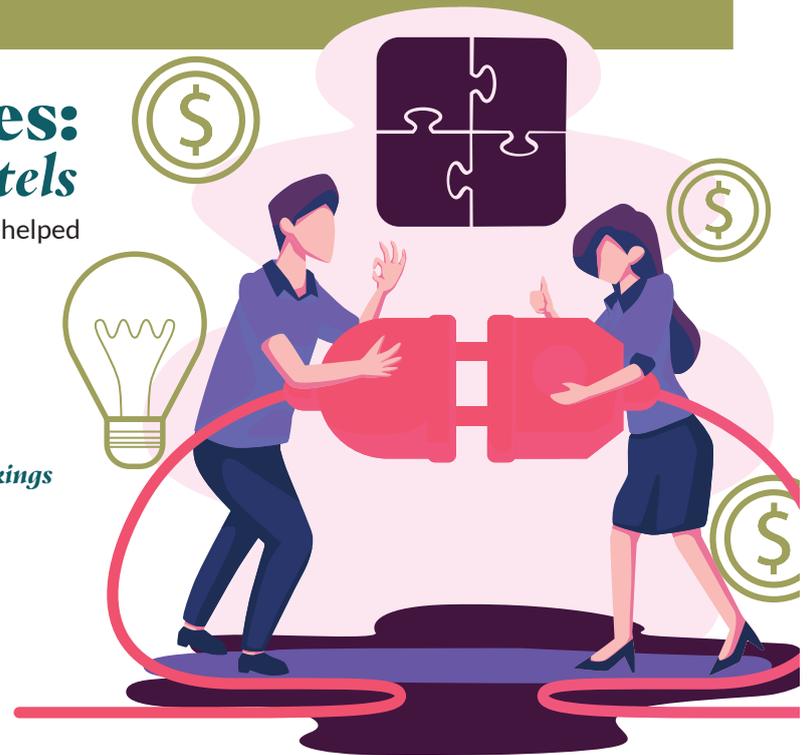
Preparing for 2025 and Beyond

Looking ahead, Iowa's hotel operators will need to continue balancing value with experience. Loyalty programs, dynamic pricing options, and partnerships with local businesses that highlight their communities are likely to grow in importance. With inflation and economic uncertainty still in the picture, properties that offer flexible, personalized experiences—and build stronger guest loyalty—will be better positioned to succeed.

Delivering Experiences: Local Strategies from Iowa Hotels

In 2024, Iowa hotel operators highlighted several strategies that helped attract guests:

- 72%**
offered guaranteed group rates for events
- 73%**
reported growth in special event and sports tournament bookings
- 41%**
partnered with local businesses and attractions
- 33%**
promoted "staycation" options for in-state travelers

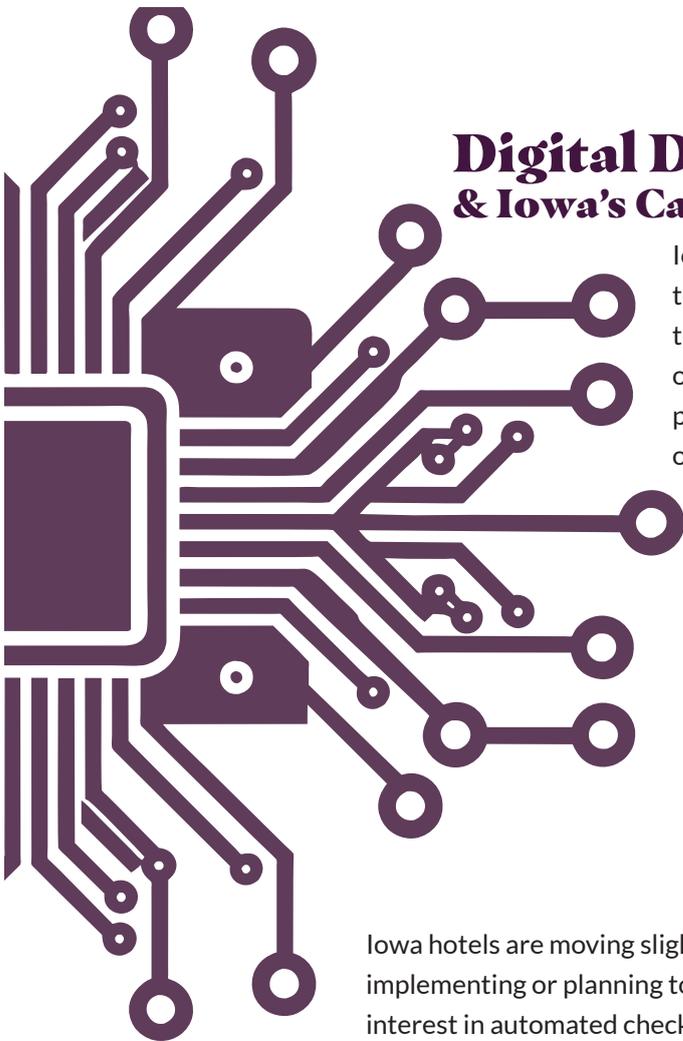


National Strategies to Watch

The American Hotel & Lodging Association recommends additional strategies for keeping up with evolving demand:

- Customized group accommodations: Let guests tailor room setups and activities.
- Wellness-driven experiences: Offer fitness, nature, and digital detox programs. Purpose-driven partnerships: Highlight sustainability and local community connections.
- Enhanced safety measures: Especially for solo women travelers.
- Revenue diversification: Expand beyond traditional stays with new services, experiences, and pricing options.

As competition for leisure and event-driven guests intensifies, Iowa hotels that combine value, experience, personalization, and innovation will be positioned for stronger performance in 2025 and beyond.



Digital Demands, Operational Realities, & Iowa's Careful Shift to New Hospitality Technologies

Iowa hospitality operators are taking a cautious but strategic approach to technology. Among Iowa restaurants, 58% said they do not plan major technology investments this year, citing cost and uncertainty about return on investment as key barriers to tech upgrades. Those who are making purchases are focusing on acquiring tools that support customer loyalty and operational efficiency:

- * **53%** are investing in loyalty or reward programs
- * **53%** are expanding digital or location-based marketing
- * **30%** are adding inventory management technology
- * **27%** are enhancing workforce management systems
- * **23%** are beginning to explore AI integration

Iowa hotels are moving slightly faster on technology upgrades. 86% of Iowa hotels surveyed are implementing or planning to adopt cloud-based property management systems, with others expressed interest in automated check-in technology, smart room features, and cybersecurity upgrades. Like restaurants, hotel operators listed cost and value uncertainty as their primary hesitation to making new investments.



National Outlook: Technology Moves from Optional to Essential

Across the country, restaurant and hotel operators increasingly view technology as a necessary investment, not just a nice-to-have. In the National Restaurant Association's latest research, 83% of operators said technology gives them a competitive advantage—and a majority plan to expand their tech investments this year.

Among restaurants nationwide:

- 65% plan to invest in digital or location-based marketing
- 58% will invest in loyalty and rewards systems
- 54% will upgrade back-office tech for compliance and payroll
- 51% plan investments in workforce management
- 53% expect to strengthen cybersecurity measures in 2025

While Iowa operators share this belief, their pace of technology adoption remains more measured—prioritizing only the most essential upgrades and solutions that directly improve efficiency, guest experience, or security without adding unnecessary complexity or cost.



Hotels See Opportunity in Guest-Controlled Experiences

The hotel industry is also undergoing major digital transformation, driven by evolving guest expectations. According to the American Hotel & Lodging Association's 2025 State of the Industry and Partner Trends Reports, leading hotel brands are focusing on:

- Guest-controlled stays (attribute-based selling for room features like balconies, higher floors, mini-kitchens)
- Technology consolidation to simplify operations and reduce vendor complexity
- Expanded wellness and eco-conscious offerings through smart building systems
- Strengthened cybersecurity as a guest trust and loyalty imperative

Hotels are increasingly offering guests the ability to personalize their experience from pre-arrival through post-stay, and many are partnering with tech providers to develop bundled solutions that reduce operational costs while improving guest satisfaction.



From Kitchens to Guest Rooms: AI's Growing Role in Hospitality

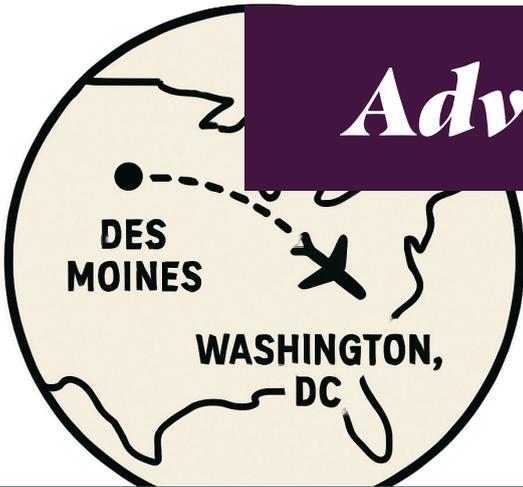
Artificial intelligence is quietly reshaping both restaurant and hotel operations, offering new opportunities to improve guest experiences, strengthen efficiency, and address persistent workforce challenges.

Among Iowa restaurant operators, 23% reported they are beginning to explore AI integration for 2025. Nationally, the interest is even stronger—nearly one-third of restaurant operators say they plan to invest in AI-driven tools to streamline reservations, manage menus, optimize inventory, and improve marketing personalization.

On the hotel side, AI is expanding guest-controlled experiences. Tools like dynamic attribute-based room selection, smart building systems for sustainability, and AI-powered concierge services are allowing guests to customize their stays more easily. Hotels are also looking to AI for real-time pricing optimization, predictive maintenance, and cybersecurity enhancements.

National surveys show that 30% of travelers now say they are likely to use AI platforms for travel planning, and AI-driven tools are starting to influence bookings by offering direct links to hotel sites, helping operators reclaim direct business.

As digital expectations continue to evolve, Iowa hospitality operators are moving carefully but deliberately toward a more connected future. Those who invest wisely—boosting efficiency, earning loyalty, and building trust—will be ready to compete in a digital-first hospitality world.



Advancing Tip Tax Relief

This year, the Iowa Restaurant Association has supported efforts at both the state and federal levels to eliminate income tax on tips—while preserving wage structures that are essential to restaurant operations. The conversation began at the national level, with then-candidate and now President Trump elevating the issue. The No Tax on Tips Act of 2025 was introduced by Sen. Ted Cruz, and Iowa lawmakers followed with proposals modeled on the same concept.

Strong Operator Backing

Recent Iowa Restaurant Association survey results show strong support for eliminating income tax on tips—but preserving the FICA tip credit remains essential. If the credit were impacted, 25.8% of operators said they would face higher labor costs, and 20.9% said they would need to raise menu prices.

58%

of operators support eliminating income tax on tips if the FICA tip credit remains intact.

57.8%

say no significant tracking changes would be needed.

ONLY 6.25%

anticipate major system impacts.



Today, nearly half of Iowa's restaurant operators say their businesses are not profitable. Many cite rising costs—especially labor, food, and credit card fees—as the biggest barriers to recovery. Targeted tax relief that increases employee take-home pay, while protecting employer wage models, could offer timely support to an industry still working to rebuild margins and stability.



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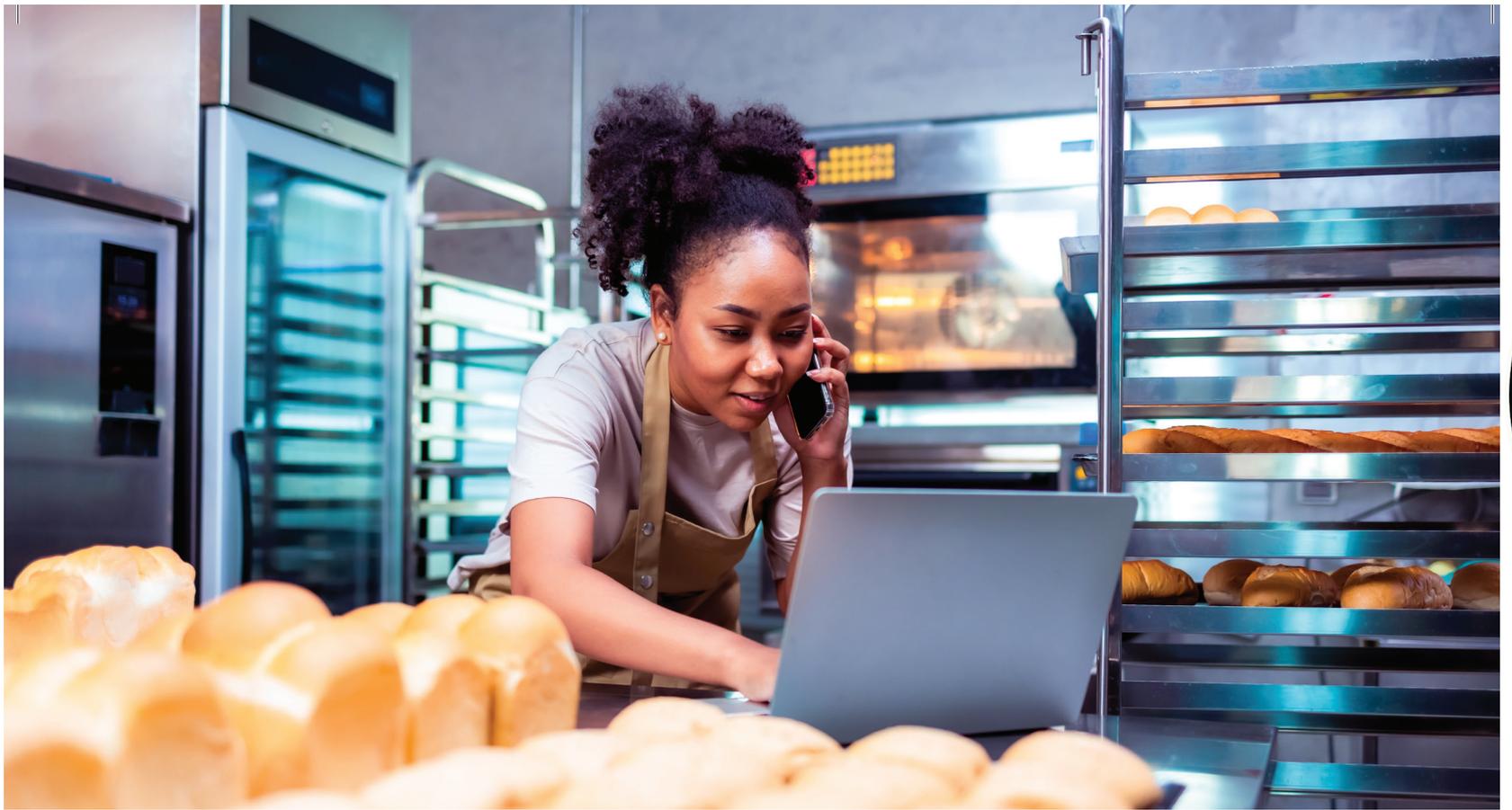
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Restaurants & Hotels Battle Swipe Fees



Credit card swipe fees have quietly become one of the biggest expenses for Iowa restaurants and hotels, with operators expected to pay more than \$220 million this year. Over \$18 million of that will be charged on sales and hotel/motel taxes—money businesses collect for the state. Instead of helping their bottom line, these transactions actually cost operators to process. Nationally, swipe fees now total \$187 billion a year and add more than \$1,100 to the average family’s annual cost of living.

Targeting Swipe Fees on State Taxes

That’s why the Iowa Restaurant Association and Iowa Hotel & Lodging Association worked alongside a coalition of business groups to support the introduction of HSB 324—a bill that would prohibit credit card companies from charging swipe fees on state-collected tax. The bill, modeled after legislation already passed in Illinois, was introduced late in the session but successfully passed out of subcommittee. It remains eligible for consideration when lawmakers return in January for the second half of the legislative session. If approved, it could save the average Iowa restaurant more than \$1,800 a year and the average hotel more than \$6,500.

Federal Reform Faces Heavy Industry Opposition

At the federal level, swipe fee reform faces even tougher opposition. The bipartisan Credit Card Competition Act (CCCA) would create competition in a market currently dominated by just two companies—Visa and Mastercard—who control more than 80% of credit card processing in the U.S. Supporters estimate the bill could save businesses and consumers more than \$16 billion annually. Still, it faces pushback from the banking and credit card industries, which have mounted aggressive campaigns to raise concerns about potential impacts. National advocates, including the National Restaurant Association, argue that the bill is carefully targeted and would not eliminate rewards programs or harm small banks.

Surcharges, Savings, and Swipe Fee Pain

About 35% of Iowa restaurants already add a surcharge to offset swipe fees, and nearly all others are considering it. Most hotels are restricted by brand agreements from adding surcharges, but nearly 80% of Iowa hotel operators said eliminating swipe fees on state taxes would offer meaningful financial relief.

Pushing Ahead

Swipe fees remain a major pressure point for Iowa’s hospitality businesses. Progress is being made, but the road ahead won’t be easy. The Iowa Restaurant Association and Iowa Hotel & Lodging Association will keep working at both the state and federal levels to push for reforms that put fairness back into the payment system.

Iowa's Hospitality Industry Pushes for Tax Reforms

Advocating for a stronger business environment is a year-round effort—and Iowa's hospitality industry is making its voice heard at both the state and federal levels. This spring, the Iowa Hotel & Lodging Association (IHLA) and Iowa Restaurant Association (IRA) joined national partners in Washington, D.C., to push for tax fairness, capital access, and swipe fee reform, while also advancing state legislation to address double taxation on hotel supplies.



National Advocacy: Expanding Access to Capital, Protecting Main Street Businesses

In Washington, IHLA and IRA joined efforts organized by AAHOA and the National Restaurant Association. Meetings with lawmakers focused on:

- ♦ **LIONS Act** – Doubles SBA loan limits from \$5 million to \$10 million, critical for financing hotel and restaurant projects.
- ♦ **Main Street Tax Certainty Act** – Makes the 20% Qualified Business Income (QBI) deduction for small businesses permanent.
- ♦ **ALIGN Act and AIMM Act** – Restores full accelerated depreciation and reinstates interest deductibility for business investments.

Iowa Efforts: Fixing Double Taxation on Hotel Inputs

At the state level, IHLA is backing SF 419, a bill that would exempt essential lodging supplies—such as toiletries, towels, bottled water, and cleaning products—from state sales tax. Under current law, these items are unfairly taxed twice: once when purchased by hotels and again when included in the room charge. Introduced by Rep. Craig Johnson and co-sponsored by a bipartisan group of lawmakers, the bill passed its first subcommittee and remains eligible for action during the second half of the legislative session.

Inaction Has a Price: Why Federal and State Reforms Matter

Today, about half of Iowa restaurants are still carrying pandemic-era debt, with an average balance of \$150,000 per location. Nearly one-third of Iowa hotels are managing debt loads averaging \$750,000 per property. Combined, Iowa's hospitality industry is carrying more than \$700 million in pandemic-related debt—debt that limits reinvestment, expansion, and staffing. State-level fixes like ending double taxation on hotel supplies, and national reforms that expand access to capital and stabilize tax policy, are critical to helping Iowa's restaurants and hotels recover fully and compete for future tourism dollars.

The challenges are real, but Iowa's hospitality industry continues to advocate—building coalitions, educating lawmakers, and fighting for a more sustainable business environment.



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Advance Your Employees and Your Establishment

A grant from Iowa Workforce Development has enabled the Iowa Restaurant Association to offer free bilingual certification training in 19 central Iowa counties. This program provides Spanish-speaking hospitality workers with the opportunity to advance their careers through nationally recognized certifications at no cost, apart from a fully refundable \$50 book deposit.

Employers can invest in their team's growth through these programs, which build essential skills and enhance operation standards. Participants can earn valuable industry certifications which can open door to higher-paying roles and leadership opportunities in Iowa's growing hospitality industry.



CONVENIENT LOCATION

All classes take place in West Des Moines



LEARN IN SPANISH

Classes taught by certified bilingual instructors



NO HIDDEN COST

Only a refundable \$50 book deposit required, when you attend class

Who Can Access

- Spanish-speaking individuals in Iowa's hospitality industry.
- Those ready to advance their careers or transition into hospitality.
- No prior certifications or experience needed.
- Class cost are covered for students living or working in **Adair, Boone, Dallas, Greene, Grundy, Guthrie, Hamilton, Harding, Jasper, Madison, Mahaska, Marion, Marshall, Polk, Poweshiek, Story, Tama, Warren, and Webster** counties.

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Hotels Weigh In on Tourism District Legislation

Iowa's tourism promotion groups are under growing pressure to compete for events, tournaments, and group travel in a national market where funding often determines who wins the bid. In response, many states are adopting Tourism Improvement Districts (TIDs)—special areas where lodging assessments fund tourism promotion and development. Unlike traditional taxes, TID funds are directed by the businesses paying them.

Built-in Guardrails, Hotel-Led Oversight

House File 760, introduced late in the legislative session, would give communities a framework to create “Self-Supported Tourism Improvement Districts” (SSTIDs). Under the bill:

- Lodging businesses must initiate and support the process.
- Only lodging businesses can be assessed.
- Funds must be used for services that benefit those same businesses.
- Existing public tourism funding cannot be reduced or replaced.

When Iowa tourism leaders approached the Iowa Hotel & Lodging Association (IHLA) about supporting similar legislation, IHLA agreed—on the condition that hotels would retain full control over how any funds are used. While still cautious about adding new fees to lodging stays, the Association has worked to ensure operators remain in the driver's seat.

Districts would require support from more than 50% of affected lodging providers (weighted by assessment) and final approval by local governments. Plans would be subject to public notice, input, and renewal votes. Unlike other local assessment programs, SSTIDs would be governed by business operators—not property owners.

Each district would be overseen by an independent board made up entirely of hotel operators or their designees. That board—not city officials—would decide how funds are used. In some markets, funds might help offset room rebates or cover competitive bid fees—but all decisions would stay with the hotels. Collection would occur through local government, but spending authority would rest with a hotel-led owner's association.

Industry Input and Guest Experience Insights

IHLA's statewide hotel operator survey helped guide discussions. Among respondents:

55% support allowing hotel-funded TIDs, as long as funding decision control stays with hotels.

42% already enhance guest stays through local experiences; **33%** through culinary offerings.

Because Iowa operates on a two-year legislative cycle, House File 760 remains eligible for consideration in 2025. IHLA will continue working with hotel operators, tourism allies, and legislators to shape a model that drives room nights—and delivers real value for Iowa hotels.

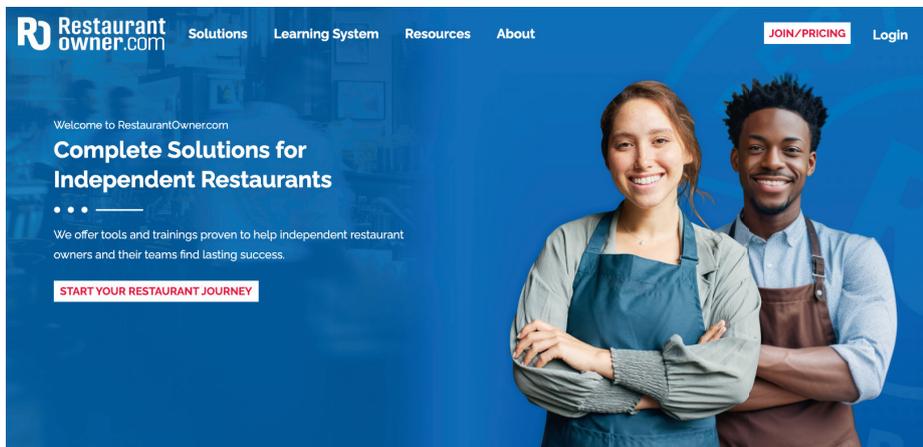
INDUSTRY NEWS

Bring ServSafe to Your Community



The Iowa Restaurant Association is traveling the state to teach ServSafe Alcohol and ServSafe Certified Food Protection Manager classes. If you have a group in need of training, contact Katelyn Adams at 515-276-1454 or kadams@restaurantiowa.com. Minimum class sizes apply. Available grant funds may help reduce costs.

Restaurantowner.com Available at Member Rate



Through a new partnership with the National Restaurant Association, the Iowa Restaurant Association is now offering members discounted access to one of the industry's most valuable resources—RestaurantOwner.com. The platform includes templates, checklists, training materials, webinars, startup resources, and more. Visit restaurantiowa.com to access special pricing.

Gather Your Foursome

The Iowa Restaurant Association's annual Duffers, Diners and Drives Golf Outing is Wednesday, June 11 at 9 a.m. at Toad Valley Golf Course in Pleasant Hill. Enjoy food and beverages throughout this golf event for eaters and drinkers! Register at restaurantiowa.com.

Award Nominations Open

Nominations are now open in all award categories for hotel and restaurant awards as well as 40 Women to Watch in Iowa's Hospitality Industry. Nominations can be made at restaurantiowa.com or hotellodgingiowa.com. Honorees will be recognized in the Fall at each association's awards program.

IRA Board Welcomes New Members

Congratulations to the newest members of the Iowa Restaurant Association Board of Directors:

- Arturo Mora, Flame Group, Des Moines
- Jezuz Lopez, Des Moines Supply
- Don Garrett, Smash Park, West Des Moines

Call for Culinary Competitors

The Iowa Restaurant Association is inviting chefs from across the state to compete in its annual Culinary Competition. This year's event is sponsored by the Iowa Beef Industry Council, Choose Iowa, and Lola's Fine Hot Sauce.



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A large photograph of an irrigation system over a vast green field. The system consists of a long metal pipe supported by a series of towers, with multiple smaller pipes extending downwards to water the crops. The field is filled with rows of green plants, and the sky is a clear, light blue.

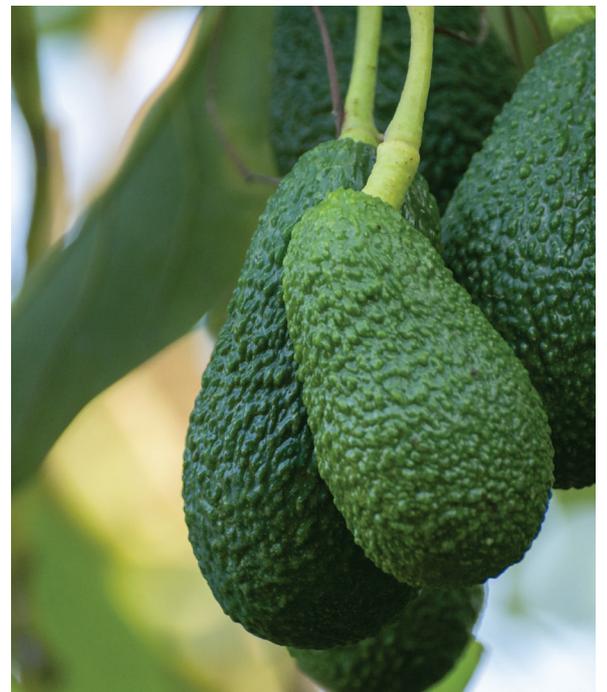
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Under Pressure:

Hospitality Operators Navigate Insurance Challenges

Rising premiums. Fewer coverage options. Unclear rules around new products like THC drinks. Across Iowa's hospitality industry, insurance is becoming harder to navigate—and in some cases, harder to afford. From DRAM to property coverage, both restaurant and hotel operators say they're feeling the pressure.

Hotels Report Climbing Costs and Fewer Choices

Nearly 65% of Iowa hotel operators said their property and casualty insurance costs have increased, even if they haven't faced renewal issues. Another 18% reported some level of difficulty finding or renewing coverage in the past year. When asked about the biggest challenges, 88% pointed to rising premiums, followed by limited competition among providers (25%) and insurers exiting the market (19%).

Restaurants Face Cost Hikes and DRAM Pressures

Among Iowa restaurant operators, one in three reported difficulty securing business insurance. High premiums and fewer coverage options were the top reasons. Just under 20% said their DRAM insurance costs have increased significantly in the past three years, and more than half reported slight increases. Only 1.6% saw any kind of decrease. While more than half of restaurant respondents said they had no issues securing coverage this year, 40% still indicated the cost and availability landscape is shifting—and not in their favor.

New Categories, New Risks

An emerging issue is complicating the insurance picture even further: THC beverages. As more Iowa restaurants and bars explore serving these products, questions remain about how best to insure against potential risks. Is coverage best handled through an existing DRAM policy? A rider? Or property and casualty insurance? So far, 10% of restaurant operators say they are already serving THC-infused beverages, and another 20% are considering it. With demand still developing and state-level rules evolving, many operators and insurers are left without clear guidance.

Coverage at a Crossroads

Insurance used to be something you reviewed once a year—now, it's a regular part of business conversations. Whether it's rising premiums, shrinking provider pools, or figuring out how to cover THC drinks, hospitality operators are being forced to think differently. The Iowa Restaurant Association and Iowa Hotel & Lodging Association are keeping a close eye on these shifts and talking with providers about how to manage emerging risks without adding unnecessary burden. It's one more area where the ground is shifting—and where industry input and a collective voice matters. If you are not currently a member of one or both organizations, please invest and participate by joining today.

Labor Issues Better, But Still Weigh on Iowa's Hospitality Industry

Across the country, hospitality businesses are adjusting their workforce strategies—retaining staff where possible while scaling back aggressive hiring. In Iowa, the message is similar: labor challenges haven't gone away, but they've shifted. Most operators are no longer in crisis, but they aren't exactly comfortable either.



Staffing Tight, But Not Collapsing

According to the Iowa Restaurant Association's 2025 State of the Industry survey, only 42% of restaurants consider themselves fully staffed. Nearly half (47%) say they're still slightly understaffed, and another 11% say they remain significantly short-handed. Hotel operators echoed that reality—more than 40% said staffing shortages are among the biggest obstacles to growing revenue. Back-of-house roles remain the toughest to fill, with 39% of restaurants identifying chef and cook positions as their top challenge. For hotels, the biggest workforce issue isn't a single position—it's the cumulative pressure of recruiting, training, and retaining talent across departments.

Hiring Frustrations Persist

Finding experienced workers is the top hiring challenge for restaurants (39%), followed by wage competitiveness and difficulty attracting applicants. Looking ahead, 66% of restaurant operators expect 2025 hiring conditions to mirror 2024. Only one in four expect things to get worse.

In the hotel sector, nearly 60% of operators say hiring and retention remain somewhat challenging, and nearly one in four describe it as "extremely challenging."



Iowa Tracks with National Trends

At the national level, restaurant hiring ticked up slightly in April, but industry jobs remain down nearly 20,000 since January. Fullservice restaurants still haven't regained their pre-pandemic employment levels, and operators everywhere are becoming more cautious with expansion plans. Iowa's data reinforces what we're hearing anecdotally: staffing may no longer dominate headlines, but it's still shaping daily operations. Whether in hotels or restaurants, the labor conversation is far from over—and will remain central to Iowa's hospitality recovery.

Immigration Concerns Add Uncertainty

Both industries reported some level of concern from workers related to immigration enforcement. While most operators said fear was rare or nonexistent in their workplace, 24% of restaurant respondents and 33% of hotel respondents said employees had occasionally or frequently expressed concern.

Top reasons cited included fear of deportation of family members, changes in immigration policy, and uncertainty about documentation requirements.



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ServSafe Alcohol Certification

To view a schedule of upcoming classes, please visit restaurantiowa.com.

Gain certification in responsible alcohol service while supporting your business or employer with Iowa's affirmative defense protections. The first approved classroom-based program to offer this protection in Iowa, provides essential skills for serving alcohol responsibly and adds an extra layer of legal protection for businesses.

- **Curriculum:** Training includes age verification, recognizing signs of intoxication, handling difficult situations, and preventing underage sales.
- **Compliance:** Fulfills Iowa's affirmative defense protection shielding employers from civil prosecution in cases of sale-to-minor violations (18-20 years old), provided employees are certified before the incident.
- **Duration:** 4-hour classroom course, culminating in a nationally recognized certification exam.



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