



Navigating Relief & Current Realities

A Strategic Guide for Minnesota Restaurants

Prepared in partnership with Performance Foodservice Minnesota and Hospitality Minnesota

We're not going to pretend things are fine. They're not.

Minnesota's hospitality industry is in one of the most disorienting stretches any of us have experienced. And we've been through a lot. We weathered a pandemic, rebuilt our teams, absorbed mandate after mandate, and kept our doors open when every economic signal told us to close them. What's happening right now feels different—because it is.

Since the surge of federal immigration enforcement activity hit Minnesota in early 2026, we have heard from operators across the state who are facing revenue losses that aren't explained by seasonality alone. Tables that should be full aren't. Staff who were reliable anchors of their teams didn't come back. Some of you have had to change your hours, your menus, or your business model—not because of a business decision, but because of something that happened outside your four walls and outside your control.

We also know that for many operators, the slow weeks of January and February hit at exactly the wrong moment. There was no cushion. And now March is here, and the question is what comes next.

This edition of Around the Table is about two things: practical tools for getting through the slow months, and real resources available to you right now. Because there is help—and you shouldn't have to find it on your own.



Where Minnesota Restaurants Stand

Let's start with what the data is telling us, because the data is stark. Some of our members have reported weekly revenue losses in the range of hundreds of thousands of dollars. Not slow weeks—devastating ones. Dining room traffic that simply stopped. In some Minneapolis and St. Paul neighborhoods, the effects have been visible and immediate. In greater Minnesota, operators are watching workforce shortages that were already fragile become something close to a crisis.

At the same time, the underlying cost structure hasn't let up. Minneapolis minimum wage is now \$16.37. Paid Family and Medical Leave payroll taxes kicked in January 1st. The administrative burden on small operators is heavier than it has ever been—and all of this is landing while revenue is down.

That is the honest picture. It's hard. And it's also not the whole story. The operators we're talking to every day are not giving up. They're adapting, they're asking questions, and they're looking for tools. That's exactly why we're having this conversation.

By the Numbers: Restaurant profit margins nationally average 3–9%, with full-service restaurants trending toward the lower end.

- Q1 is consistently the lowest revenue quarter for most Minnesota restaurants—not a signal of failure, but a reality to plan around.
- Operators who actively plan for Q1 slowdowns in Q4 report stronger cash flow resilience throughout the year.
- Tip income tax exemption signed into federal law in 2025 now effectively increases take-home pay for tipped employees—a real recruiting advantage worth communicating to your team.

Navigating the Slow Season: Practical Strategies

January through March is when the gap between restaurants that planned and those that hoped becomes very visible. Here's what the operators getting through this season well are doing:

- **Control the controllables on cost:** Slow months are the right time to run a tight audit on your prime cost. Food cost and labor together should sit at 60% or below for most concepts—and if they're creeping above that, now is the time to find out why. Walk your prep list. Cross-reference your order quantities against what's actually moving. One smart menu edit based on what's actually selling can make a meaningful difference in February's bottom line.
- **Lean into limited-time and daypart strategy:** Traffic-building promotions work best when they're specific. A Tuesday night prix fixe for two. A weekday lunch special with a tight, profitable menu. Happy hour with a purpose. These aren't discounting your brand—they're inviting people back in during times that would otherwise be empty seats. The key is making sure the math works before you launch it.
- **Think about your regulars differently:** Your regulars are your most efficient marketing channel. A personal note, a loyalty reward, a reservation incentive—these cost almost nothing and carry more weight than any paid promotion. If you haven't made a personal connection with your top 20 regulars recently, that's a project for this week, not next month.
- **Event programming fills seats and builds community:** Wine dinners, chef's table nights, cooking classes, industry networking events—these create reasons to come in on a Wednesday in February. They also generate content, build relationships with suppliers, and introduce you to new guests. If you've been thinking about adding more programming, slow season is when you test it.
- **Review your tech and vendor spend:** When was the last time you evaluated whether every subscription, every platform, and every vendor contract is still earning its place? Slow season is the time to do that audit. Sometimes the margin improvement is already in your P&L—you just haven't found it yet.



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Immigration Enforcement: Real Impacts, Real Resources

We have sat across the table from operators who are trying to figure out whether they can make payroll, and we have been to the Minnesota Department of Revenue on your behalf to fight for relief. Here is what is available to you right now—and please, use these resources.



Sales Tax Penalty & Interest Abatement — This Is Real Relief: In February 2026, the Minnesota Department of Revenue confirmed directly to Hospitality Minnesota that businesses affected by ICE activity may request penalty and interest abatement by demonstrating "reasonable cause."

- Covers penalties and interest — not the underlying tax owed
- Must be requested in writing after a penalty notice is issued
- Your written explanation needs to connect the late filing or payment directly to enforcement-related disruption — lost staff, reduced hours, revenue decline
- Most important: file your sales tax return on time even if you cannot pay in full. A partial payment with documentation is a far better position than a missed filing.

The full guidance from MN Revenue is available at: www.revenue.state.mn.us — or call their collections line directly at 651-556-3000. Contact MN Revenue Collections proactively if you know a deadline is going to be a problem. You have more options before a notice arrives than after.

Emergency Grant Programs Currently Active: Several programs are actively providing relief for ICE-impacted businesses right now — and many operators don't know these funds exist. These can be used to cover rent, payroll, utilities, and yes, tax obligations:

- Minneapolis Foundation – Economic Response Fund
- OneMPLS Fund
- Latino Economic Development Center (LEDC) Emergency Fund
- Hmong American Partnership Small Business Stabilization Grant
- Salt Cure Restaurant Recovery Fund (mncdfcoalition.org/mccdmn.org)
- Hospitality Minnesota Workforce Stabilization Grant (Funds can support transition costs, training, and operational stabilization. Contact info@hospitalitymn.com to learn more about.)

Your Role in What Happens Next

Policy is being made right now, and we know you're busy. We know running a restaurant in this environment leaves almost nothing in the tank at the end of the day. But the ask is small—and the impact is real.

Here's specifically what you can do:

- **Share your story.** Legislators respond to constituent voices. A two-minute phone call or a brief email from a local restaurant owner about how a policy is affecting your business carries more weight than any lobbyist's testimony.
- **Show up when it matters.** Committee hearings, town halls, and district office meetings are often more accessible than people think. Your presence—even for an hour—signals to elected officials that this industry is organized and paying attention.
- **Document your impact.** When we go to the Capitol with data about workforce disruption, revenue loss, or compliance burden, we need your numbers. Even rough figures—sales down X% since January, Y positions unfilled—become part of the collective evidence we present.
- **Join or re-engage with your regional committee.** Hospitality Minnesota's Public Policy Committee structure is how member priorities shape our legislative agenda. If you want your issues at the table, this is how you get there.
- **Amplify our communications.** When we issue a member alert, share it. When we post industry data, engage with it. Legislators track what their constituents are paying attention to. Social engagement is part of the advocacy ecosystem now whether we like it or not.

The Bottom Line

Hospitality Minnesota is fighting for it at the Capitol, in city halls, and at every table where policy decisions are being made that affect your business. But we can only go as far as our members will take us. The more operators who engage—who share their stories, show up at hearings, or simply return a call from their legislator—the stronger that fight becomes.

Use the resources in this newsletter. Reach out if you need help. You don't have to figure this out alone.



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