NEWS RELEASE For Immediate Release, July 21, 2020
Contact: Mary Coppola mcoppola@unitedfresh.org
202-303-3425

Foodservice Associations Applaud Introduction of Providing Liquidity for Uncollectible Sales (PLUS) Act

WASHINGTON, D.C. (July 21, 2020) – Today, Representatives Darin LaHood (IL) and Jimmy Panetta (CA) introduced the Providing Liquidity for Uncollectible Sales (PLUS) Act. This legislation provides a tax credit to offset uncollectable debt incurred as a direct result of COVID shutdowns. It is supported by the United Fresh Produce Association, the International Food Distributors Association, and National Fisheries Institute.

The foodservice distribution industry collectively experienced more than $12 billion in uncollected debts as restaurants and other facilities shutdown in response to the global pandemic and were not able to pay their distributors. Seafood distributors reported approximately $2.2 billion of debt owed to them, fruit and vegetable distributors hold an additional $5 billion in such debt, and broadline foodservice distributors reported more than $5 billion of debt.

“Produce foodservice distributors absorbed a devastating blow with the spring shutdown of the restaurant and hotel industry. The impact of lost inventory and unpaid bills is not recoverable,” said Tom Stenzel, President & CEO of United Fresh Produce Association. “I commend Representatives LaHood (IL) and Panetta (CA) for introducing the Providing Liquidity for Uncollectible Sales (PLUS) Act, a helpful solution to an insurmountable challenge for produce foodservice distributors and the companies on both ends of their business agreements.”

Foodservice distribution is a crucial part of the food supply chain, delivering fish, fruits, vegetables, meat, and other products to restaurants, schools, hospitals and long-term care facilities. Distributors provide not only food supplies but the essential financing their customers need to purchase these products. Restaurants buy their supplies on payment terms that allow them to generate revenue before the bill comes due, normally 30-60 days after delivery. In the aftermath of the sudden and near complete closure of the food-away-from-home channel, sales plummeted, customers were unable to pay their bills and distributors were left with more than $12 billion in debt.

“Family-owned seafood businesses support restaurants by providing fish on credit, but now are stuck with billions in debt owed them by these customers,” said John Connelly, President, National Fisheries Institute. “This legislation will significantly help revive a complex system that brings seafood from water to table. If we don’t have functioning distributors bringing seafood to market, fish will simply rot on the dock, effecting everyone from boat owners to restaurateurs.”
While many of the provisions of the CARES Act provided critical assistance for foodservice distribution companies, it did not account for the biggest issue they face: large, unpaid debts owed to distributors for food that restaurants could not use due to COVID-related shutdown orders. Tax credits for this $12.2 billion in outstanding debts will provide the liquidity distributors need to continue to extend credit to their restaurant customers and help them get back on their feet as the economy restarts.

“The PLUS Act would provide tax credits for uncollectible accounts receivable, ensuring that distributors can continue to provide assistance to their restaurant customers,” said Mark S. Allen, President & CEO of the International Foodservice Distributors Association (IFDA). “I applaud Representatives LaHood and Panetta for their commitment to the foodservice distribution industry, a vital part of our economy.”

Foodservice distributors themselves suffered more than a 50 percent decline in sales due to the global pandemic, making it difficult to provide the financing their customers depend on to run their businesses; jeopardizing restaurants’ ability to purchase food and ingredients. Without restaurants and other places where people eat out, the economy will be missing a significant part of the $1 trillion food-away-from-home economic driver. The PLUS Act provides a solution to this complicated and critical challenge for the food supply chain.

###

About IFDA
The International Foodservice Distributors Association (IFDA) is the premier trade organization representing the $303 billion foodservice distribution industry and the 350,000 people it employs. This industry ensures a safe and efficient supply of food and products to more than one million restaurants and foodservice outlets in the U.S. every day. For more information, visit www.ifdaonline.org.

About United Fresh Produce Association
Founded in 1904, the United Fresh Produce Association brings together companies across every segment of the fresh produce supply chain, including growers, shippers, fresh cut processors, wholesalers, distributors, retailers, foodservice operators, industry suppliers and allied associations. We empower industry leaders to shape sound government policy. We deliver the resources and expertise companies need to succeed in managing complex business and technical issues. We provide the training and development individuals need to advance their careers in produce. Through these endeavors, we unite our industry with a common purpose—to build long-term value for our members and grow produce consumption. For more information, visit www.unitedfresh.org.

About National Fisheries Institute
The National Fisheries Institute (NFI) is the country’s largest seafood trade association, representing companies from water to table. NFI is dedicated to education about seafood safety, sustainability, and nutrition and promotes sound public policy based on science. Learn more at AboutSeafood.com