



January 28, 2010

The Honorable Harry Reid
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid and Chairman Baucus:

The U.S. Travel Association commends your continued effort to spur job growth in the United States and offers its strong support for job-creating travel proposals and tax incentives in the forthcoming legislative jobs package being developed in the Senate. Building a plan for economic recovery that drives significant increases in travel would help to create tens of thousands of American jobs.

Travel is vital to the nation's economy, ranking among the top 10 industries in 48 states and the District of Columbia in terms of employment. Travel is directly responsible for 7.7 million American jobs, making it one of the largest employment sectors in the country. In fact, it is one of the few major industries where jobs do not leave the country and revenue is derived from both domestic and international sources. Travelers to and within our country spent \$770 billion in 2008, generating tax revenue in the amount of \$117 billion for federal and local governments, money that is used, in part, to support public projects locally. Using government data, U.S. Travel estimates that nearly 400,000 combined U.S. travel industry jobs were lost in 2008 and 2009. It is critically important to take all steps possible to foster growth in the travel industry and realize travel's potential to improve the American economy.

IMMEDIATE IMPACT JOB PROPOSALS

1) Spousal Travel Tax Deduction

Business conferences and events are responsible for nearly 15 percent of all travel in the United States, driving \$101 billion in spending, generating one million jobs and creating \$16 billion in tax revenue at the federal, state and local levels. Allowing business travelers to take a tax deduction for the cost of their spouse's travel will encourage more business travel, improve the day-to-day lives of American families, and boost job creation in the hospitality and travel sectors. H.R. 562 sponsored by Rep. Neil Abercrombie and S. 261 sponsored by Senator Lindsey Graham have garnered significant private sector support to make business travel more family friendly.

2) Business Meal Tax Deduction

Tens of thousands of small business and self-employed individuals conduct business meetings and promote their products over a meal at restaurants. They rely on the meal and entertainment tax deduction to save on costs and promote business growth. Under current law, a taxpayer is permitted to deduct 50 percent of meal and entertainment expenses for tax purposes, as long as the expenditures are considered ordinary and necessary business expenses. H.R. 3333 sponsored by Rep. Neil Abercrombie and H.R. 3952 sponsored by Rep. Dina Titus would promote job growth for small businesses and various sectors of the travel community by increasing the income tax deduction for business meals and entertainment expenses up to 80 percent.

3) Performance Incentives Travel Program Tax Deduction

Increasing sales and revenue within American businesses will enable job creation and restore America's economy. New research conducted by Oxford Economics shows that by investing in incentive travel programs to reward or motivate employees, businesses can increase employee morale, job performance and overall company performance. In fact, according to the same report, for every dollar an employer invests in incentive travel programs, businesses benefit from an average of nearly \$4 in revenue. The additional revenue and savings generated by incentive travel would spur new hiring by the employer and create demand for additional jobs within the travel industry. We propose that Congress expand the current tax code provision for Employee Achievement Awards (Title 26 Section 274 (j)) for two years to allow an incentive program sponsor to deduct the cost of qualified incentive travel awards with a value of up to 2 percent of taxable compensation of all eligible participants competing for the award and that the resulting "income" to the award winners not be taxable.

MEDIUM-TERM IMPACT JOB PROPOSALS

4) Enact and Rapidly Implement the Travel Promotion Act (TPA)

The Travel Promotion Act (S. 1023/H.R. 2935) is common-sense legislation that would authorize the creation of a non-profit corporation to help the United States welcome millions more international visitors annually. The Corporation for Travel Promotion would attract visitors by better communicating America's frequently changing travel security policies and promoting America as the premier travel destination. The corporation's work would be financed – without U.S. taxpayer dollars – by up to \$100 million in voluntary private sector contributions and a government match derived from a \$10 fee paid by inbound travelers once every two years via the Electronic System for Travel Authorization (ESTA) from the 35 countries that participate in the Visa Waiver Program (VWP). Both chambers of Congress have passed the TPA this year, but one more vote in support of this legislation in the Senate is needed to send the bill to the President for enactment.

The legislation was designed as a public-private partnership with operations only commencing once initial funds up to \$10 million had been collected from \$10 fees on VWP foreign travelers. However, the benefits of TPA could be realized earlier if Congress provided an immediate infusion of a \$10 million loan to begin implementing TPA immediately after enactment instead of being dependent on the collection of ESTA fee collections which require issuance of a new federal rule. The \$10 million loan would be repaid to the Department of the Treasury from the initial collection

of ESTA fees once implemented. Immediate enactment of TPA coupled with this loan would allow the kickoff of actual promotional and marketing activities about a year earlier than currently projected. A study prepared by Oxford Economics, an international economic consulting firm, found that a fee-funded promotion program of \$200 million will attract 1.6 million new visitors each year, add \$4 billion to the U.S. economy annually, \$320 million per year in new federal tax revenues and create approximately 40,000 new U.S. jobs. Furthermore, the Congressional Budget Office reports that the bill will reduce the deficit by \$425 million and increase revenues by \$135 million over the next 10 years.

5) Target Hiring and Placement of New Consular Officers

Millions of additional overseas visitors are interested in traveling to the U.S. and will spend on average \$4,500 per person per visit. Insufficient access to U.S. consulates in geographically large countries and a lack of consular officers to process a greater number of visa applications, however, prevents growth in international visitation and limits our ability to create new U.S. jobs to service these new travelers while in America. Investing in videoconferencing technology that will allow the State Department to conduct the visa interviews remotely will quickly increase visa accessibility while maintaining a secure visa process. Furthermore, an investment of \$37 million in funds to hire approximately 100 new consular officers and place them in key travel markets with unmet demand -- primarily China, Brazil and India -- the U.S. can process and welcome millions more visitors, generate billions in new export revenue, and rapidly create tens of thousands of new U.S. jobs.

For example, India is one of the fastest-growing outbound travel markets in the world, and tourism from India to the United States accounted for 40 percent of all U.S. service exports to India in 2008. With more than 1.1 billion inhabitants and GDP increasing by more than 8 percent every year, the country offers enormous potential for future growth in outbound travel. If the U.S. could gain an additional 5 percent of the Indian outbound travel market, it would drive more than \$3.3 billion in additional export revenue and create 30,600 more American jobs in one year.

6) Invest More in Highway Spending to Improve Roads and Facilitate Increased Travel

Almost 61,000 miles (37 percent) of all lane miles on the National Highway System (NHS) are in poor or fair condition and more than 152,000 bridges (one of every four bridges in the United States) are structurally deficient or functionally obsolete. Moving forward on all or parts of the Surface Transportation Authorization Act of 2009, which includes higher levels of investment than existing law, will allow for the building of better highways and bridges, reduce travel delays and employ workers in a wide array of construction industries.

7) Direct Funding to Modernize America's Air Traffic Control System

The federal government must accelerate and deploy the next generation of air traffic control (NextGen) capabilities, equipage and procedures. NextGen involves a fundamental transition from a ground-based aviation infrastructure system (radar) to a satellite-based system enabling both controllers and flight crews to enjoy more accurate real-time information. The public benefits of accelerated NextGen are numerous and widely agreed upon: improved safety, job creation and retention, shorter flight times, reduced delays, and significant environmental benefits, including fewer carbon emissions, and less noise and improved local air quality. Expedited NextGen

investment will eliminate a significant drag on the nation's economy and transform aviation into a powerful job creator in the near-term.

8) Airport Port of Entry Construction Funding

U.S. international airport arrival areas managed by U.S. Customs and Border Protection are often challenged with limited inspection spaces, creating long wait times for travelers that result in inefficient processing of visitors and a negative perception about the U.S. entry process. Normally these inspection areas are donated by airport authorities to CBP, to minimize the loss of valuable space that could be used by vendors or airlines. A one-time expenditure of \$250 million could be used to attain expanded passenger inspection space for CBP operations from airports, providing CBP with appropriate real estate to improve the efficiency of their operations and grow trusted traveler programs to attract more visitors. Similar to the infusion of funds from the American Recovery and Reinvestment Act for land ports of entry, using airport construction projects to deploy a more efficient, more welcoming airport experience to foreign travelers and Americans returning home will create jobs directly and indirectly.

On behalf of 1,700 members of the U.S. Travel Association representing all sectors of the travel community including hotels, airlines, rental car companies, theme parks, state tourism organizations and convention and visitors bureaus, I urge you to adopt these proposals in any forthcoming jobs package to create jobs, drive spending and provide the American economy with the rapid and meaningful boost it needs at the federal, state and local levels. Patricia Rojas, Vice President of Government Relations at U.S. Travel, will be in contact with your staff to continue a dialogue on these critical issues. She can be reached at 202-408-2138, or projas@USTravel.org. Thank you again for your commitment to enacting legislation to spur robust job recovery for America.

Sincerely,



Roger J. Dow
President and CEO