

U.S. TRAVEL ASSOCIATION®

June 13, 2022

The Honorable Janet Yellen
Secretary of the Treasury
Department of Treasury
Washington, DC 20220

Dear Secretary Yellen,

I'm writing to request your support for a tax extenders package that includes a temporary restoration of the entertainment business expense deduction and an extension of full expensing for business meals.

As you know, business travelers are an important customer base for many travel businesses—including restaurants and entertainment venues. While some progress has been made to bring back domestic leisure travel, it's nowhere near enough to make up for the devastating losses in business travel. Despite making up 20% of total trip volume, business travelers accounted for 40-60% of lodging and air revenue pre-pandemic.

Unfortunately, business travel spending is far from a full recovery, only amounting to 36% of 2019 levels in Q2 2022, according to projections by Deloitte. In 2021, domestic business travel spending was down 56% from pre-pandemic levels, amounting to an annual loss of \$152 billion to local businesses.

When people travel for work, they eat out at local restaurants and engage in relationship-building activities at entertainment and recreational venues. But for the last two years, business travel spending at restaurants and entertainment venues have been timid at best, leading to a protracted trajectory of stunted growth.

A restoration of the entertainment business expense deduction, along with the temporary extension of full expensing for business meals, would help many travel businesses recover an important source of economic activity and overcome the financial and rehiring challenges posed by COVID-19 and inflation—at a time when no other form of federal support exists.

According to an independent analysis by Tourism Economics, restoring the entertainment business expense deduction for 2 years would generate \$31.3 billion in additional travel spending alone. This for an estimated cost of ~\$3 billion according to a preliminary score by JCT—that's a 10:1 return on investment.

We believe when travel thrives, so does the rest of the economy. The more the Administration and Congress can do to support the travel economy, the more workers, businesses, and communities can be lifted out of financial distress. That's why we hope you will support including these measures in a year-end tax extenders package. Thank you for your consideration.

Sincerely,



Tori Emerson Barnes
Executive Vice President
Public Affairs and Policy