

The Honorable Steven Mnuchin

Secretary
U.S. Department of Treasury
Washington, D.C. 20220

The Honorable Mitch McConnell

Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy

Minority Leader
United States House of Representatives
Washington, DC 20510

The Honorable Nancy Pelosi

Speaker of the House of Representatives
United States House of Representatives
Washington, DC 20510

The Honorable Charles Schumer

Minority Leader
United States Senate
Washington, DC 20510

July 17, 2020

Dear Secretary Mnuchin, Speaker Pelosi, Leader McConnell, Leader Schumer, and Leader McCarthy,

As the leading voice of the travel industry, representing all aspects of travel, we write with urgent need for the following proposals to be included in the next economic relief package. As you know, the travel industry is facing an economic environment that is 10 times worse than the aftermath of 9/11. With travel-dependent businesses and organizations seeing a steep decline in revenue, the industry has lost more than half of its workforce (51%) in the just first half of the year, accounting for 38% of the total jobs lost as a result of the pandemic.

Unfortunately, as the virus continues to wreak havoc on society, the situation in the travel industry is only getting worse. The industry is now on track to shrink by \$1.2 trillion by the end of the year. It is clear there can be no economic recovery without a recovery in the travel industry. With that in mind, we ask that you consider the following policies to help turn the tide and give people the type of economic security that only comes with a job:

1. Provide Long-Term Relief Until Recovery is Possible

Summary: Many small businesses and nonprofits, such as destination marketing organizations (DMOs), have still not been able to access the program. Therefore, at a minimum, PPP should be—

- Extended through the end of the year;
- Expanded to include all DMOs with 300 employees or less (including those that are 501(c)(6) organizations and political subdivisions or instrumentalities of a state or local government);
- Changed to use a loan formula that accounts for sustained periods of economic interruption (e.g. providing loans based on 8 times the average monthly sum of payroll and operating expenses, up to \$25 million);

Additionally, a longer-term relief program will be needed to account for ongoing cycles of shutdowns and re-openings at different times in different parts of the country. To ensure businesses can continue to access quick relief when they need it, any long-term solution should—

- Give priority to the hardest hit sectors of the economy, including travel-dependent businesses and organizations;
- Ensure any grants or loans are large enough to keep workers connected to their jobs and benefits throughout any sustained period of economic interruption;

- Allow amounts to be used for any expense needed to help the business or organization withstand the effects of local shutdown orders or other health and safety restrictions; and
- Provide a simple application process that removes any undue barriers that would otherwise prevent struggling businesses and nonprofit organizations from accessing the relief—including high interest rates and strict underwriting standards.

2. Provide up to \$10 billion in Federal Grants to Promote Safe and Healthy Travel Practices

Summary: Destination marketing organizations (DMOs) are nonprofit entities designed to drive economic activity to local travel markets, educate visitors about local resources, and manage convention and group meeting space. Unfortunately, due to a sharp decline in travel and the related visitor and lodging tax revenue they rely on for funding, many have lost the ability to support their local economies. To help DMOs begin the process of recovery, \$10 billion in federal resources will be needed, which can be used to encourage healthy travel practices and promote visitation to regions of the country that have safely reopened for business, including:

- For immediate recovery needs, Congress should set aside \$5 billion in any aid to State and local governments for expenses related to the economic recovery of areas impacted by a decline in travel and tourism as a result of COVID-19—including any cost associated with:
 - Educating Americans about healthy travel practices, like wearing masks;
 - Informing the public about what businesses are doing to help prevent the spread of COVID-19, which will help restore confidence in the safety of travel; or
 - Marketing regions of the country that have safely reopened for business.
- For long-term recovery needs, Congress should provide an additional \$5 billion in Economic Adjustment Assistant (EAA) grants for tourism marketing over the next two years. The additional \$5 billion in EAA grants should include streamlined eligibility and distribution features to ensure DMOs can overcome existing challenges in the EAA grant process.

3. Provide a Limited Safe Harbor for Businesses Following Health and Safety Guidelines

Summary: Travel businesses that take the necessary steps to protect the health and safety of customers and employees should be given a limited safe harbor to protect them from legal liability risks related to COVID-19. The safe harbor should be limited, temporary, and immediate for those businesses that are acting in good faith to reopen responsibly, in accordance with health and safety guidelines.

4. Enact Meaningful Tax Relief & Recovery Provisions

• Create a Temporary Travel Tax Credit to Bring Back Travel Jobs

Summary: To reduce the time it takes travel businesses to fully recover from this crisis, Congress should provide a refundable tax credit for individuals worth 50 percent of qualified travel expenses occurring in the United States between the date of enactment and December 31, 2022—up to a maximum credit of \$1,500 per household plus \$500 for each qualifying child (providing a maximum benefit of \$3,000 for a family of five). The credit should begin to phase out for individuals making over \$100,000 per year (\$200,000 for married couples). Qualified travel expenses should include any travel expense above \$25 incurred at least 50 miles from the individual's home, including expenses related to meals, lodging, recreation, transportation, amusement or entertainment, and gasoline.

• Increase the Deductibility of Food and Entertainment Business Expenses

Summary: Congress should restore the food and entertainment business expense deduction to levels necessary to facilitate a strong recovery in the food and entertainment sector. The deduction helps facilitate business spending at local restaurants, art facilities, and entertainment venues.

• Enhance the Employee Retention Tax Credit (ERTC)

Summary: To help businesses keep or rehire employees during these periods of ongoing instability, the ERTC should be

increased to 80% of compensation paid to employees, up to \$15,000 per quarter, and those experiencing a revenue decline below 50% should be allowed to phase into the credit. Additionally, quasi-governmental DMOs should be able to access the credit, and employers of all sizes should be able to use it to rehire employees if they're unable to maintain their workforce due to a slump in consumer demand.

- **Create a Meetings and Events Tax Credit**

Summary: Congress should provide a general business credit (or a refundable payroll tax credit in the case of nonprofits) for the cost of attending or hosting a convention, business meeting, or trade show in the United States between the date of enactment and December 31, 2022. The credit should be worth 50 percent of participation costs and 100 percent of any costs needed to safely reopen a facility used for such events—including any renovation, remediation, testing, or labor cost needed to prevent the spread of COVID-19.

- **Create a Tax Credit for Enhanced Cleaning and PPE**

Summary: As the country looks to emerge from this crisis, travel businesses are committed to providing a safe environment for guest and workers alike, including through enhanced sanitation measures and personal protective equipment (PPE). Unfortunately, these additional investments come at time when businesses are experiencing historic revenue losses and are struggling to meet their basic needs. Congress can help reduce the burden of these unplanned costs by providing a tax credit worth 50 percent of any renovation, remediation, testing, or labor cost needed to prevent the spread of COVID-19.

5. Develop a National Strategy to Expand COVID-19 Testing

Summary: Congress should provide for more robust funding and coordination for the research, development, distribution, and laboratory capacity for COVID-19 testing. Additionally, the TEST Act, as proposed by Senators Gardner and Bennet, should be enacted to further enhance the nation's testing capacity and prepare for future pandemics.

6. Provide additional emergency assistance to U.S. airports

Summary: According to Airports Council International North America (ACI-NA), due to continued international travel restrictions and the 80% decline in domestic air travel, U.S. airports will face at least \$23 billion in operating losses. Airports are critical economic engines for travel and tourism, and the severe reduction in revenue for airport staffing, maintenance and capital improvements will hamper our nation's economic competitiveness. Congress should provide U.S. airports with an additional \$13 billion in emergency assistance and ensure that large hub airports receive a portion of the assistance that is commensurate with their needs.

According to an analysis by Oxford Economics, if these provisions are included in the next economic relief package, the country can gain \$163 billion on net within 18 months, ensuring the industry can not only recover what was lost but also return to a position of strength. We firmly believe the country doesn't have to choose between personal safety and economic security. If Congress and the Administration work together to provide the right relief and recovery measures, the American people can have both. Thank you for your commitment to serve the American people in this critical time of need.

Sincerely,



Tori Emerson Barnes
Executive Vice President
Public Affairs and Policy