September 20, 2021

The Honorable Jacky Rosen
Chair
Subcommittee on Tourism, Trade and Export Promotion
U.S. Senate Committee on Commerce, Science and Transportation
713 Hart Senate Office Building
Washington, DC 20510

The Honorable Rick Scott
Ranking Member
Subcommittee on Tourism, Trade and Export Promotion
U.S. Senate Committee on Commerce, Science and Transportation
502 Hart Senate Office Building
Washington, DC 20510

Dear Chair Rosen and Ranking Member Scott:

I am writing on behalf of the American Society of Travel Advisors (ASTA) and the more than 160,000 Americans who work at travel agencies across the country to share our policy priorities in advance of the subcommittee's September 21 hearing titled "Legislative Solutions to Revive Travel and Tourism and Create Jobs."

According to the U.S. Census Bureau, the vast majority of travel agencies in this country (98 percent) are small businesses under the U.S. Small Business Administration's size standards, and over two-thirds of them are owned and operated by women. At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 60,000 self-employed travel advisors working as independent contractors. This includes 2,842 people working at 162 agencies in Nevada and 16,254 at 1,573 agencies in Florida.

As a result of the coronavirus pandemic (COVID-19) and the governmental response to it, the travel agency business came to an almost complete halt and recovery has been painfully slow – with average revenue levels <u>still</u> down 82 percent as compared to 2019 according to our member surveys. Even factoring in the relief programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and successor legislation, the average travel agency has laid off close to 60 percent of its staff. And due to industry economics (i.e. commission payment schedules), there will be a substantial time lag between a return of travel bookings and a corresponding return of business income – an anticipated average of close to nine months' delay.

Government action – here and abroad – has played a key role in this catastrophe. We understand that our country is coming out of the worst public health crisis in history, and understand as well the rationale behind these government restrictions. That said, we believe the government has a responsibility to provide some level of support to those businesses harmed by its response to COVID-19. Sadly, financial support for the travel industry has been uneven so far, especially with regard to less visible sectors of the industry like travel agencies.

While we are supportive of initiatives to study the impact of the pandemic on the travel industry and to promote

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inbound international travel to the U.S. such as those envisioned by the draft Omnibus Travel and Tourism Act, we fear that without additional support from Congress the very future of our part of the travel industry and all manner of travel-reliant small businesses is at risk. As such, we respectfully request the subcommittee's support for the following items in the next appropriate legislative vehicle:

- **SAVE Act (H.R. 2120)** – Introduced by Reps. Mark Amodei (R-NV), Charlie Crist (D-FL,) Bill Pascrell (D-NJ) and Dina Titus (D-NV), the Securing Access for Venue Equity (SAVE) Act (H.R. 2120) would make travel agencies and other hard-hit businesses eligible for the Shuttered Venue Operators Grant (SVOG) program, which was established by the Continuing Appropriations Act (CAA) at the end of 2020. Under this program, eligible applicants can qualify for grants of up to $10 million equal to 45 percent of their 2019 gross revenue. We are fully aware that the SVOG encountered challenges upon its launch earlier this year, that its funding is running low and that the size and scope of future relief legislation is uncertain. That said, H.R. 2120 is the only pending legislation that would provide direct support to travel agencies during our time of need.

- **Extend ERTC and Target Relief Toward Hardest-Hit Industries** – The Employee Retention Tax Credit (ERTC), created by the CARES Act and subsequently extended, provides a refundable tax credit of up to $7,000 per employee per quarter for businesses whose revenue has been reduced by at least 20 percent as compared to 2019. However, the pending bipartisan infrastructure bill (H.R.3684, as amended) would move up the ERTC's expiration date by one quarter, from December 31 to September 30, 2021. With Paycheck Protection Program (PPP) funds running dry, many agencies are counting on ERTC support to help them get through the fourth quarter. As such, we believe that the ERTC should not only be maintained in the fourth quarter of 2021, but should be extended into 2022 and targeted toward those businesses who suffered at least a 50 percent revenue loss in 2020 and 2021, with extra benefits on a sliding scale for those suffering a 75 percent loss.

- **Hospitality & Commerce Job Recovery Act (S.477)** – Introduced by Sens. Catherine Cortez Masto (D-NV) and Kevin Cramer (R-ND), the Hospitality and Commerce Job Recovery Act (S.477) would support the convention and trade show industries by establishing a tax credit to offset the cost of attending or hosting a convention, business meeting or trade show in the U.S. through 2024, and would also provide a tax credit for qualified domestic travel expenses of up to $1,500 for many Americans. While additional relief for travel agencies remains our top priority, the stimulative measures included in S. 477 will be critical to the recovery of the travel industry, the health of which is central to the overall U.S. economy.

Thank you for considering our views on these critical issues. If you have any questions about this or any issue related to the travel and tourism industry, please don't hesitate to contact me at (703) 739-6842 or epeck@asta.org.

Yours Sincerely,

Eben Peck
Executive Vice President, Advocacy
American Society of Travel Advisors (ASTA)