

## BACKGROUND

The economic effects of the coronavirus have hit the travel industry especially hard, with travel businesses and organizations seeing unprecedented declines in revenue. As a result, more than half of the industry's 15.8 million jobs (51%) have been lost so far—twice that of the worst year of the Great Depression—with 8.1 million jobs gone as of May 1. Travel spending is on track to fall by at least \$500 billion this year, negatively impacting the U.S. economy by over \$1.2 trillion dollars.

To accelerate rehiring and economic recovery, Congress should include the following measures in the Phase 4 coronavirus relief package. **According to Oxford Economics, enacting these measures would help the industry recover what was lost, add nearly 800,000 American jobs and \$163 billion on net to the economy within 18 months.**

## POLICY REQUESTS

### 1. Provide Long-Term Relief Until Recovery is Possible

**Summary:** PPP should not be abandoned until all employers in the hardest-hit sectors of the economy can get back on their feet. PPP is intended to be the first line of relief for impacted employers, yet there are many small businesses and nonprofits, such as destination marketing organizations (DMOs), that have still not been able to access the program. As such, 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); and
- 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, as the country continues to deal with the economic uncertainty created by the pandemic, 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 grants or loans are large enough to keep workers connected to their jobs and benefits throughout any sustained period of economic interruption;
- Allow grants or loans to be used for any expense needed to help a 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 prohibitive underwriting standards, high interest rates, overly restrictive terms for loan forgiveness, and short repayment schedules for any amounts not forgiven.

# PRIORITIES FOR COVID-19 LEGISLATIVE RELIEF PHASE 4

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

**Summary:** Ultimately, the only way to revive the economy is to restore America's confidence in the ability to travel safely. Unfortunately, DMO budgets have been devastated by sharp declines in visitor and lodging tax revenue that is typically used to fund travel promotion activities. \$10 billion in federal resources will be needed 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 through the coronavirus relief fund 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 overcome existing challenges in the EAA grant process.

## 3. Provide Limited, Temporary and Immediate Safe Harbor for Businesses that Follow Proper Health and Safety Guidelines

**Summary:** Travel businesses across the U.S. want nothing more than to reopen responsibly, put Americans back to work and spur economic recovery. If these businesses take the necessary steps to protect the health of customers and employees, they must be provided with a limited safe harbor to protect them against costly and frivolous litigation. To that end, Congress should provide businesses with liability protections that are limited, temporary and put in place immediately. Specifically, safe harbor should be limited to American businesses that are reopening in accordance with health and safety guidance and acting in good faith.

## 4. Create Temporary Tax Credits and Deductions

**Summary:** To provide much-needed tax relief and reduce the time it takes to recover, the following tax measures are needed:

- A tax credit to stimulate travel by individuals;
- A tax credit to restore activity in the business meetings and events sector, including conventions and trade shows;
- Restoration of the entertainment business expense deduction to help stabilize demand at entertainment venues; and
- A tax credit to help businesses of all sizes offset the cost of mitigating the spread of COVID-19, including the cost of structural barriers and personal protective equipment.

# PRIORITIES FOR COVID-19 LEGISLATIVE RELIEF PHASE 4

## 5. Develop a National Strategy to Expand COVID-19 Testing by Enacting the TEST Act

**Summary:** Improving the accuracy, speed, accessibility, and planning for COVID-19 testing and contact tracing is essential for protecting public health and accelerating economic recovery. In the next phase of coronavirus response legislation, Congress should provide more robust funding for the research, development, distribution, and laboratory capacity for COVID-19 testing. The federal government must also continue to provide leadership by developing a national strategy, validating new testing technologies and protocols, and encouraging a more coordinated response at all levels of government. Lastly, Congress should also enact the TEST Act, sponsored by Senators Gardner, Bennet, Romney and Sinema, which would:

- Require the development of a national testing strategy and implementation plan for future public health emergencies;
- Modernize and integrate the collection, reporting, and analysis of data for testing and contact tracing across federal, state and local governments;
- Improve CDC's rapid response capabilities for disease detection and prevention; and
- Expand federal grants to support state and local activities related to disease detection.

## 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.