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December 1, 2009

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

On behalf of the American Hotel & Lodging Association (AH&LA) and America's lodging industry, we greatly appreciate your convening of a jobs summit to discuss policy measures targeted at increasing employment.

AH&LA is a 100-year-old dual membership association of state and city partner lodging associations throughout the United States with some 11,000 property members nationwide, representing more than 1.4 million guest rooms and over 1.8 million employees in the United States. Annual travel-related wages and salaries are more than \$194 billion in the travel and tourism industry. AH&LA's membership ranges from the smallest independent properties to the largest convention hotels. Every hotel, motel and resort in our country is unique due to factors that include size, type, location, services offered, clientele, ownership, and status as an independent or chain affiliate. There is a high degree of franchising and independent ownership in our industry which generates the creation of small businesses and jobs throughout the country.

There are a number of key areas where your summit discussions can focus upon to help build employment in the U.S. lodging and travel industry, which employs approximately 10% of American workers.

In the United States, tourism is currently the third largest retail industry. Travel and tourism is one of America's largest employers, representing the first, second, or third largest employer in 30 of the 50 states. The tourism industry includes more than 15 interrelated businesses, from lodging establishments, airlines, and restaurants to cruise lines, car rental firms, travel agents, and tour operators.

The current economic downturn has impacted the U.S. hospitality industry particularly hard. As an industry which employs tens of thousands of Americans, we strongly support initiatives that will result in our ability to increase employment even more in our sector of the economy. We would like to suggest the following proposals which we believe will enhance economic growth and increase employment.

The reinstatement the ability of business travelers to deduct the travel expenses of their spouses will provide much-needed relief to families and encourage increased travel within the United States. By allowing for the deduction of the travel expenses of a taxpayer's spouse who accompanies that taxpayer on business travel, a significant impediment on travel and tourism will be removed.

This policy would offset some of the effects that have been borne by the lodging sector and at the same time provide relief to working families. Further, these benefits require absolutely no government spending.

Studies show that business trips account for 22% of total domestic trips and \$121.8 billion in travel-related spending, not including transportation, but only one out of five business travelers are accompanied by a spouse. Business travelers who are accompanied by a spouse are more likely to take combined business and pleasure trips, staying an average of 1.2 nights longer than business-only travelers. Increasing business travel

expenditures by just 1% would generate \$1.2 billion in additional travel spending and create 17,000 new travel industry jobs.

The tax deduction for business meals should be restored to 80 percent. Doing business over a meal is the only means of marketing and advertising for many small businesses and self-employed individuals. The business meal, like other marketing activities, is a legitimate business promotion activity and should be fully deductible.


When Congress reduced the meal and entertainment deduction in 1986, small business owners were hit hardest. Small business people prefer to conduct meetings outside of the office over meals. Two-thirds of people who claim the business-meal deduction are small-business owners who rely on the deduction to grow their businesses and stay competitive. The reduced deduction penalized small businesses and the self-employed and limited their ability to grow and hire more employees.

According to a 2007 study, restoring the deduction to 80 percent would boost business meal sales by \$8 billion a year and create a \$26 billion increase to the overall economy. It is estimated that for every additional one million dollars in restaurant sales an additional 33 jobs are generated for the economy.

Passage of the Travel Promotion Act would establish a public-private campaign jointly managed by government and the private sector -- *at no cost to the American taxpayer*. The Act would help attract 1.6 million new international visitors, create \$4 billion in new spending, and drive \$321 million in new federal tax revenue. This would help the U.S. lodging industry in a time where every visitor is critical.

America's hotels, lodges, resorts, and other lodging businesses are eager to help create new jobs. We stand ready to help you achieve that goal. Working together, let's put America back to work.

Respectfully,



Joseph McInerney  
President and Chief Executive Officer



Marlene Colucci  
Executive Vice President for Public Policy