



Testimony Of

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**Before The
Subcommittee On Competitiveness, Innovation and Export Promotion
of the
Senate Committee on Commerce, Science and Transportation**

Field Hearing On

**The National Economic Impact Of Travel And Tourism
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Chairman Klobuchar and other distinguished guests: Thank you for the opportunity and privilege to appear before you on behalf of the American Hotel & Lodging Association, the only national organization dedicated to serving the interests of hoteliers on Capitol Hill. I would like to begin my remarks by thanking Senator Klobuchar for your leadership in calling these series of hearings on our industry's behalf, and for your recent vote for the 2009 Travel Promotion Act. Your leadership on this issue is essential in making our voices heard in Minnesota and nationwide, and in passing this long-awaited legislation that I will discuss a little later on.

For nearly a century, the American Hotel & Lodging Association is the sole national association representing all sectors of the lodging industry, including individual hotel property members, hotel companies, student and faculty members, and industry suppliers. We are headquartered in Washington, D.C., and provide our members with national advocacy on Capitol Hill, public relations and image management, education, research and information, and other value-added services to provide bottom line savings and ensure a positive business climate for the lodging industry. In addition, we are partnered with 43 state associations to provide local representation to our members.

Based on our lobbying efforts, we have been the main point of contact for our nearly 12,000 members, and have heard their individual stories of how the recession has been hurting their business. Therefore, today I would like to address the topic of business related travel, including travel for meetings, conferences, events, and performance incentives. Business travel creates 2.4 million American jobs, \$240 billion in spending and \$39 billion in tax revenues. And the trickle down effect of this enterprise in local communities is even more impactful. Here in Minnesota in 2007, travel spending totals \$10.3 billion and travel tax receipts are \$3.0 billion. Approximately 140,400 Minnesotans are employed by the state's hospitality industry, with a payroll of \$4.1 billion.

Again on the national level, the business travel segment of our industry has been the source of undeserved and crippling attacks in recent months. Critics have mislabeled many meetings and events as unnecessary and frivolous, causing companies that have received federal government support---plus many more that have not---to cancel business travel activities. An environment has been created in America where legitimate business travel is being questioned and cancelled. This translates into additional loss of jobs, taxes, and travel-related revenues for an industry that is already hard-hit from the general economic recession.

Business travel is not an optional luxury or a perk of well-paid executives. Meetings mean business to the American economy. There is no substitute for the face-to-face, hand-to-hand, and heart-to-heart results of business meetings. They are a strategic tool for training, education, sales, customer interface, new product development, and motivating performance. All of these are vital in rebuilding America's economy and creating new jobs that we so badly need at this time.

But the trend is ominous. According to estimates by Smith Travel Research and the U.S. Travel Association, meetings, events and incentive cancellations in January and February of 2009 resulted in more than \$1.9 billion in lost travel spending and cost nearly 20,000 American jobs. Nearly 200,000 travel-related jobs were lost in 2008 and an additional 247,000 will be cut this year, according to data compiled by the U.S. Department of Labor. Those who are losing their jobs represent the hard working faces of America: bellmen, room attendants, banquet servers, cooks, and middle management.

With so much at stake, we seek your support on three key fronts. First, we are asking all members of Congress and federal policy makers to change the rhetoric that labels business travel, meetings and incentive travel as frivolous and unnecessary. The unintended consequence of this

mischaracterization is job loss, lost tax revenues and further stress on this important industry.

Second, we ask your support for a unified set of meeting standards for companies receiving emergency government assistance funds that have been developed by the hotel, travel, meeting and incentive industries. These guidelines were submitted to the Treasury Department in February as a policy for these companies to guide them in organizing justifiable meetings, events and incentive travel. They also represent a common sense approach that would apply to any business. They serve as a standard of “best practices” for corporations to conduct meetings, incentives and events with complete transparency and accountability.

With business travel an essential element to our livelihood, leisure travel is also a key economic component. In general terms, the economy is looking up for the average American, and many in the industry have been busy making travel affordable for those who believe it is their right – not a luxury – to travel. The truth is that with the multitude of value-added promotions at hotels, reduced prices on airplanes, and reasonable prices at the gas pump, this is a great time for travelers in the U.S. to enjoy their vacations in a cost-effective way.

Lastly, we ask for your continued support of the bill dedicated to reviving America’s travel industry in both the leisure and business sectors – The Travel Promotion Act. We are thrilled that this legislation was passed by the Senate Committee on Commerce just recently. We would also like to acknowledge that it wouldn’t have passed its first steps without the important leadership from Senator Klobuchar.

The goal of this bill is to increase the number of potential international visitors to the United States, which spend an average of \$4,500 per person, per trip. International travel promotion is part of the solution of stopping domestic job losses and welcome billions in new spending by international visitors.

The bipartisan legislation creates a public-private partnership with a budget of up to \$200 million annually to attract international travelers to the United States by better communicating America's security policies and competing for visitors. According to an analysis by Oxford Economics, the program could drive \$4 billion annually in new spending by international travelers to the United States. The Travel Promotion Act specifies that travel promotion would be paid for by private sector contributions and a \$10 fee on foreign travelers from visa waiver countries that do not pay \$131 for a visa to enter the United States. The legislation requires no contributions from U.S. taxpayers.

We fully support this pending legislation as a foundational strategy to create jobs in travel, tourism and hospitality. It will make America more competitive in the global travel market and grow the nation's inbound travel.

After the past few months filled with negative press portraying our economically-stimulating industry as a frivolous luxury, more positive news and a renewed confidence are starting to emerge throughout the country. As the country starts to recover from this deep recession, our government needs to seize every opportunity for growth and economic stimulation. Today, we ask for your continued support in making that happen.

Thank you again Chairwoman Klobuchar for your leadership and engagement on these important issues.