

AHLA'S 2017 **POLICY GUIDE**

Advocating for Our Guests,
Employees and Communities



TABLE OF CONTENTS

01 Letter from Katherine

02 The Numbers

04 The Issues

04 Protecting the Consumer

04 » Overview

05 » Stop Online Booking Scams

06 » Increased Consolidation of Online Travel Agencies

08 Reining In Illegal Hotels

08 » Overview

10 Supporting Our Workforce

10 » Overview

11 » Protecting the Franchise Model

12 » Hotel-Only Workforce Initiatives

13 Promoting Travel and Tourism

13 » Overview

14 » Per Diems and Government Travel

15 About AHLA

Hotels are woven into the fabric of every community across America.

Our industry's commitment to providing good jobs with long-term career opportunities and driving travel and tourism bolsters economic prosperity and boosts communities across this country. Hotels proudly offer competitive wages with good benefits and strive to provide the training, resources and flexibility employees need to move up the ranks and achieve their career goals. There's no shortage of stories on the industry's unique ability to provide so many the opportunity to achieve the American Dream.

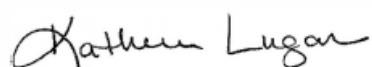
The numbers tell their own story: 8 million American jobs; 33,000 small businesses around the country; \$170 billion generated in taxes each year; and \$1.1 trillion pumped annually into the economy through hotel revenue, guest spending and taxes. Further, as we seek to encourage and promote growing travel and tourism to our cities and towns, as an industry we are constantly innovating to provide better value and service to the guests and communities we serve.

At the American Hotel & Lodging Association (AHLA) we are proud to be spearheading the hotel industry's national advocacy agenda and sharing the stories of opportunity, growth, innovation and success. Our goal is to drive targeted policy discussions and action that:

- Protect our guests and improve the guest experience;
- Rein in illegal hotels;
- Support the hotel industry's workforce; and
- Promote travel and tourism.

AHLA will continue to advocate on behalf of our industry with one unified and powerful voice, and build on our efforts around the country to support our communities. With a growing and engaged membership, along with key partnerships in our nation's capital and in cities and states throughout the U.S., we are committed to engaging with the new Administration, a new Congress, and legislators and councilmembers nationwide. Together we can create conditions that empower our workforce and lead to greater growth across America.

Sincerely,



Katherine Lugar
President & CEO



THE NUMBERS

The hotel industry is a business of people

proudly serving our guests and providing lifelong careers for our employees.

This dynamic industry creates memorable experiences to make guests' dreams come true and also provides employees the unique ability to achieve the American Dream.

Our industry works hard to ensure employees have the educational opportunities, training, skills and resources necessary to earn promotions and climb the ladder from entry level to management, upper management, senior executive positions and on to the C-Suite.

Hotels Invest in America's Communities



Guests spend nearly
\$500 billion
at hotels and
local businesses.



61% of hotels
are run by small-
business owners.



Hotels created
188,000
new jobs in
the past 5 years.

Hotels Power America's Economy and Advance Employees



Hotels support
8 million
jobs, including
4.5 million direct-
impact jobs.



Hotels add
\$590 billion
to the U.S. economy.



Hotels support
\$1.1 trillion
in U.S. sales, including
hotel revenue,
guest spending,
and taxes.



More than half
of department
managers in hotels
and many general
managers started their
hotel careers in hourly,
entry-level positions
and moved their way
up the ranks.

Hotels Serve America's Travelers



More than
1 billion
guests stay in American
hotels every year.
That's nearly 15% of the
world's population.



There are
5 million
guest rooms across
the United States.



There are
54,200+
hotel properties
in the United States.

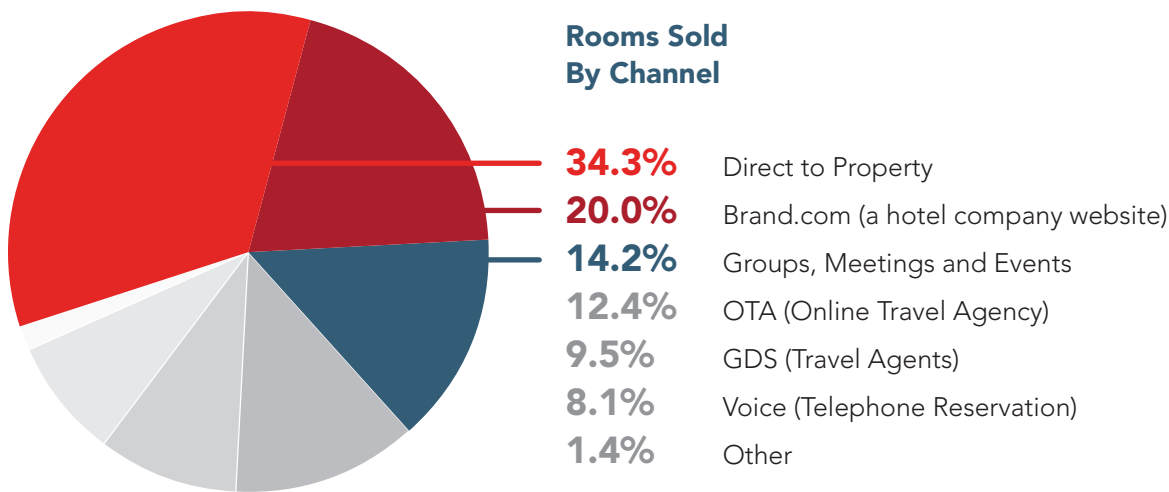
PROTECTING THE CONSUMER

Overview

Technology and the ever-evolving online channels, from desktops to mobile phones to Internet-enabled devices such as smartwatches, have transformed the way guests book their hotel rooms and created new customer-oriented business models. The hotel industry has been tremendously successful in connecting consumers with online bookings, averaging 500 hotel bookings per minute in the United States. Throughout this transformation, the hotel industry continues to put guests first to ensure they get what they want and need out of their reservation and their travel experience. AHLA and the industry are focused on raising awareness and curbing deceptive marketing practices, as well as ensuring ample consumer choice and transparency throughout the online booking process, amid significant OTA marketplace consolidation.

Online Hotel Bookings Are a Big Business

Consumers have more ways to book hotel reservations as more distribution channels enter the digital marketplace.



Figures from Kalibri Labs (2016)

PROTECTING THE CONSUMER

Stop Online Booking Scams

Consumers and lodging businesses have increasingly been impacted by online ads and search engine results that lure consumers into believing they are booking directly with hotels through misleadingly branded websites or call centers. These practices deceive consumers and can result in lost reservations, additional room charges, failure to receive brand loyalty or rewards points, cancellation and booking fees, or incorrect accommodations. An independent consumer poll commissioned by AHLA found that nearly 20 percent of online shoppers had been exposed to this online hotel booking scam, and 5 percent of consumers had fallen for the scam. This translates to 15 million online bookings scams (2015) or \$1.3 billion in bad bookings.



AHLA Position

AHLA believes consumers have a right to know who they are booking a reservation with, whether they book online using a third party or with the hotel directly, and the government should crack down on websites that pose as hotels in order to prey on travelers.

KEY STATS



1 in 3

consumers are worried about online booking scams.

GfK Custom Research (2015)



The Federal Trade Commission (FTC), the Better Business Bureau (BBB), AAA, and other consumer advocacy groups have issued strong warnings about online booking scams.



56%

of consumers who have booked a hotel online say that they prefer dealing directly with the hotel.

GfK Custom Research (2015)



Members of Congress have directly requested that the FTC investigate these deceptive practices.

PROTECTING THE CONSUMER

Increased Consolidation of Online Travel Agencies Hurts Consumer Choice

With the latest research showing that consumers visit 7–10 websites before booking a reservation online, it's imperative that the evolving digital marketplace continues to prioritize consumer protection and transparency. As new options for accommodation bookings advance and evolve every day, there has been significant consolidation in the online travel agency marketplace. Unfortunately, a clear majority of consumers (82%) are unaware of how many affiliate brands are owned by just a few major companies, with Expedia and Priceline accounting for 95 percent of U.S. online travel bookings.

This trend of increased OTA marketplace consolidation can limit consumer choice and hurt small businesses.

Kalibri Labs. 2016. "Demystifying the Digital Marketplace: A Spotlight on the Hospitality Industry."

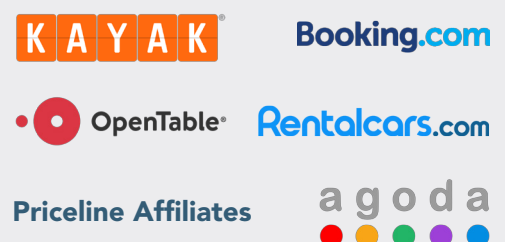


Expedia-Priceline Duopoly Controls 95% of U.S. Online Travel Agency Bookings

A clear majority of consumers (82%) are unaware of how many affiliate brands are owned by just a few major online companies.



95%



PROTECTING THE CONSUMER

Though online travel agencies (OTAs) are an important partner to the hotel industry, the rise of some deceptive marketing practices aimed at manipulating travel and hotel search results are disturbing, particularly because many consumers are none the wiser. There has been an uptick in some of these practices, which involve pay-to-play and require hotels to pay more for higher placement. Worse, hotels who don't "partner well" with these companies may experience the threat of "dimming tactics" by some online travel agencies, which essentially removes merchandise and content, and lowers that company's hotel on search rankings. Biased or misleading search results from these sites or via Web searches can be highly problematic for the consumer, particularly on those websites that purport to be "helping" consumers comparison-shop based on less than objective information.



AHLA Position

With the continued growth in online travel bookings, AHLA believes that consumers should be provided fair and transparent information whenever and wherever they book their hotel stay online. We are concerned about the new trend amongst major online travel companies towards undisclosed search bias and pay-for-placement in hotel sorting, which can lead to consumer confusion and concern.

“[Some OTAs] strip out descriptive details of some hotels—such as pictures—and bury listings deeper in its search results...according to OTA Insight, a travel technology company.”

CBS NEWS MONEYWATCH,
AUGUST 2016

“The practice, euphemistically called ‘dimming,’ involves deliberately minimizing a hotel’s appearance or ranking in an online agency’s results... The bottom line for customers: When you book online, you may not see the cheapest hotels first. In extreme cases, you may not even be able to book the hotel you want on the agency’s site.”

WASHINGTON POST, JULY 2016

REINING IN ILLEGAL HOTELS

Overview

From coast to coast, we have seen action taken at the local and state level to rein in unregulated commercial activity fostered by short-term rental companies such as Airbnb and HomeAway. Facilitated by these entities, commercial operators list multiple units in the same metropolitan area or list units for extended periods of time, flouting basic safety and security laws, zoning rules and taxes. Policy debates and the adoption of commonsense regulations are taking place around the country in cities and towns of all sizes, as well as in state capitals and increasingly here in Washington, to rein in commercial activities and discern the appropriate regulation and tax collection for short-term rentals in order to protect constituents and support communities.

A broad coalition of affordable housing advocates, neighborhood associations, labor, and concerned citizens and policymakers, including our industry, have argued that this often illegal commercial activity can compromise consumer safety, undermine job growth, limit affordable housing options, and endanger the character and security of residential neighborhoods.



AHLA Position

AHLA believes that there should be a level and legal playing field within the lodging sector, and that regulations and taxes with respect to short-term rentals should be strictly enforced. We support the rights of property owners to occasionally rent out a room or their home, but commercial operators within the short-term rental industry should not be allowed to operate outside of the law.

“Cities are struggling to address urgent shortages of affordable housing, and there is evidence that commercial interests in the short-term rental industry are removing residential units from housing markets and thereby contributing to even higher rents.”

LETTER BY MORE THAN 40 LOCAL OFFICIALS AND ORGANIZATIONS NATIONWIDE TO FTC CHAIRWOMAN EDITH RAMIREZ, OCTOBER 2016

REINING IN ILLEGAL HOTELS

New data (January 2017) from CBRE Hotels, a hospitality and real estate research company, reinforces several reports conducted over the past few years on the rise of commercial activity fostered by short-term rental companies. The data reveals that a significant and rapidly growing portion of Airbnb's revenue in major U.S. cities is driven by commercial operators who rent out multiple residential properties.

KEY STATS



Whole-unit rentals make up
81%
of Airbnb's revenue nationwide.

Source: CBRE Hotels (2017)



Nationwide, hosts renting out two or more whole-units generated almost
\$2 Billion
from October 2015 through September 2016.

Source: CBRE Hotels (2017)



Roughly 40%
of Airbnb's whole-unit revenue nationwide comes from hosts with two or more rentals.

Source: CBRE Hotels (2017)



In every market examined in the report, the percentage of revenue from multi-unit hosts increased from 2015 to 2016, with the exception of New York City and San Francisco, where regulatory reforms have been enacted to rein in illegal commercial activity.

SUPPORTING OUR WORKFORCE

Overview

The hotel industry supports nearly 8 million jobs in communities across America and remains a driving force in providing vast opportunities for professional training, long-term careers, competitive wages and good benefits. With three out of every five hotels considered small businesses—or the majority of our industry—from B&Bs and independently owned properties to franchise locations, the hotel industry supports policies that empower the entrepreneurial spirit and encourage business growth. However, in recent years, many workforce and labor initiatives at the local, state and federal level have threatened to impede this growth, jeopardizing those who seek to achieve the American Dream.



AHLA Position

AHLA supports policies that strengthen our employees' well-being, workforce flexibility and a fair and equitable work environment, as well as the ability for employers to create jobs and improve the career paths of those in the workforce.

KEY STATS



A typical hotel supports
more than 250
local jobs every year.

Bureau of Economic Analysis: Oxford Economics



The hotel industry
has increased wage
and salary income by
\$18.5 billion
since 2005, paying
employees \$74 billion
in 2015.

Bureau of Economic Analysis: Oxford Economics



The hotel
industry supports
\$355 billion
in total
labor income.

Bureau of Economic Analysis: Oxford Economics



Almost all hotels offer benefits to full-time employees, including medical, dental and vision insurance, and 70 percent of hotels offer tuition reimbursements.

SUPPORTING OUR WORKFORCE



Protecting the Franchise Model

For more than three decades, the joint-employer standard was one of the cornerstones of labor law, protecting small businesses from undue liability involving employees over which they do not have actual or direct control. Unfortunately, in August 2015, the National Labor Relations Board (NLRB) issued its highly-anticipated decision in the Browning-Ferris Industries (BFI) case and in it the NLRB created a new joint-employer standard under federal labor law. The new standard makes employers potentially liable for actions and activities of employees that they do not employ and it could jeopardize a number of business-to-business contractual relationships.

AHLA Position

With 61 percent of our industry made up of small businesses, the hotel industry has thrived by fostering opportunities for these owners around the country to open their own hotels through the franchise model. This has allowed so many in our industry to achieve the American Dream. Unfortunately, this new standard jeopardizes those possibilities. AHLA and a broad-based business coalition support the reinstatement of the long-standing joint employer definition. The changes implemented by the National Labor Relations Board in 2015 through the Browning-Ferris decisions are having a negative impact on businesses and could severely disrupt the pathway to success and hurt franchisors and franchisees alike.



SUPPORTING OUR WORKFORCE

Hotel-Only Workforce Initiatives

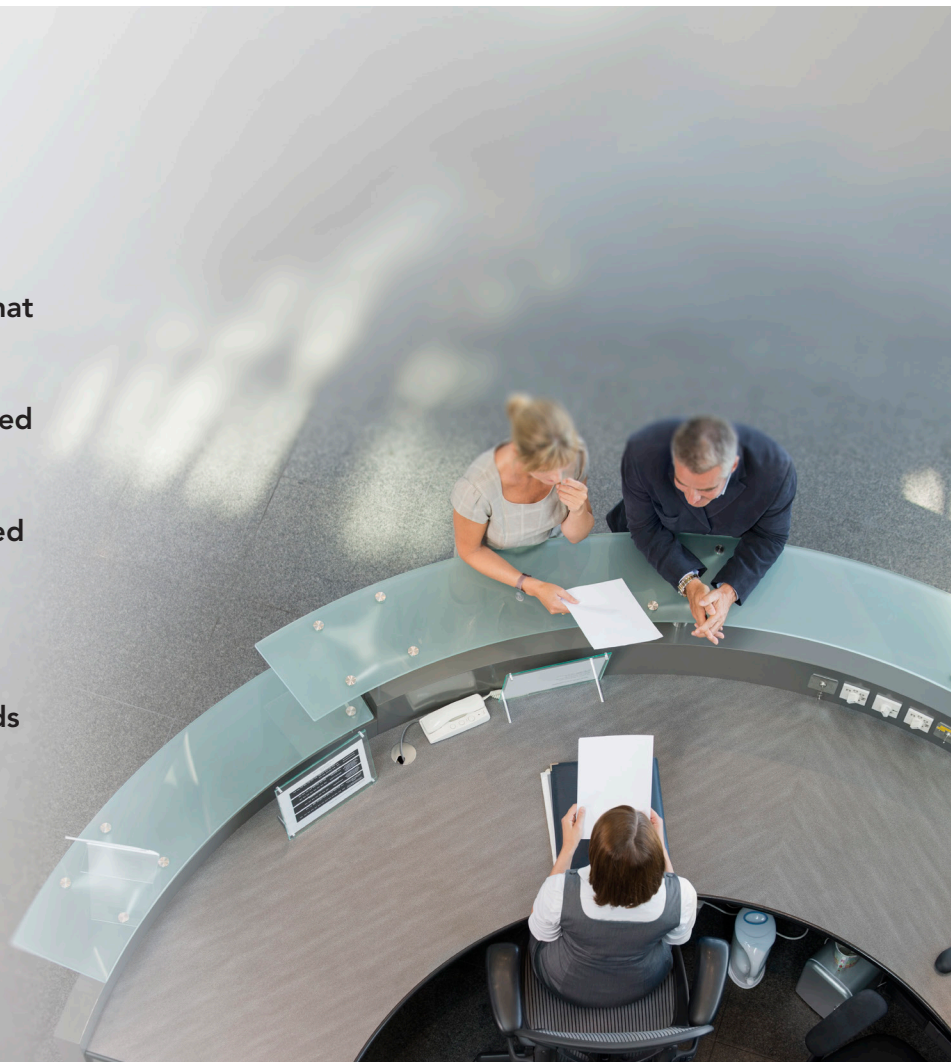
The hotel industry has powered the American economy for decades, adding 188,000 new jobs since 2010, and is currently 72,000 jobs ahead of its prior peak. As a business of people serving people, our industry thrives because our employees are at the core of the industry, which is why we are an above-minimum-wage employer. Our industry supports competitive wages with benefits for our employees. Indeed, the industry has increased wage and salary income by \$18.5 billion over the past decade, paying employees \$74 billion. More importantly, hotels provide a pathway to career advancement that is so important to our nation's collective success.

Yet, it is unfortunate that across the country some local and state governments have proposed hotel-only workforce initiatives. Certain localities, such as Los Angeles, Seattle and Santa Monica, passed wage and other workforce ordinances singling out hotels, which also include opt-out provisions for unionized workplaces, giving labor an unfair advantage. These provisions are discriminatory and disrupt the well-established balance between management and labor laid out by federal labor law.



AHLA Position

AHLA views local workforce initiatives that target only hotels as a direct attack on the hotel industry and will continue to oppose these discriminatory, short-sighted tactics. We support policies that treat all workers and businesses equally and fairly, and are willing to work with elected officials and stakeholders to determine the best outcome for our industry and employees. As an industry, we are the leading advocate for our employees and providing them a career path towards upward mobility, and opportunity is of utmost importance to us.



PROMOTING TRAVEL AND TOURISM

Overview

The hotel industry has been a bright spot in job growth, leading the nation's economic resurgence and improving the employment landscape. Critical to generating and maintaining this growth has been, and will be, government and industry focus on increasing the flow of foreign visitors to the U.S. and recognizing the value of government, business, and leisure travel here at home.



AHLA Position

Working with the broader travel industry, AHLA will continue to support policy initiatives that promote tourism, such as the visa waiver program, to strengthen business and leisure travel and efforts to bolster important travel infrastructure here at home. AHLA is also committed to comprehensive immigration reform to enable the lodging industry to meet the increasing demand for employees, while enhancing national security and ensuring all workers are protected.

KEY STATS



1 in 9

American jobs depend on travel and tourism.

U.S. Travel Association data, 2016



Direct spending by resident and international travelers in the U.S. averages
\$2.6 billion a day,
\$108.1 million an hour,
\$1.8 million a minute
and **\$30,033** a second.

U.S. Travel Association data, 2016



Average direct spending of guests at JUST hotels and local businesses is
\$483 billion
each year.

Bureau of Economic Analysis: Oxford Economics



\$2.1 trillion: Economic output generated by domestic and international visitors (includes \$950 billion in direct travel expenditures that spurred an additional \$1.2 trillion in other industries each year).

PROMOTING TRAVEL AND TOURISM



Per Diems and Government Travel

Federal per diem rates are established each year by the General Services Administration (GSA) based on actual market data compiled and provided by Smith Travel Research (STR). AHLA and the hotel industry continue to work with the GSA to underscore the importance of maintaining per diems at sustainable rates and remain engaged with Congress on legislation and policies that impact per diems.

AHLA Position

AHLA supports per diem policies that reflect market realities and allow hotels to be fairly compensated for the services they provide, while recognizing the need for the government to get the best value it can for taxpayers.



ABOUT AHLA



Working On Behalf of the Industry

We are a 24,000-strong association representing all segments of the U.S. lodging industry, including hotel owners, Real Estate Investment Trusts (REITs), chains, franchises, management companies, independent properties, bed and breakfasts, state hotel associations, and industry suppliers. We are headquartered in Washington, D.C., and have provided focused advocacy, communications support and educational resources for more than a century.

Contact the AHLA Team

Vanessa Sinderson, Senior Vice President and Department Head, Government Affairs

✉ **Email** vsinderson@ahla.com

☎ **Phone** 202-289-3121

Brian Crawford, Vice President, Government and Political Affairs

✉ **Email** bcrawford@ahla.com

☎ **Phone** 202-289-3147

Maryam Cope, Vice President, Government Affairs

✉ **Email** mcope@ahla.com

☎ **Phone** 202-289-3127

Craig Kalkut, Vice President, Government Affairs

✉ **Email** ckalkut@ahla.com

☎ **Phone** 202-289-3126

Jason Brewer, Vice President, Government Affairs and Strategic Initiatives

✉ **Email** jbrewer@ahla.com

☎ **Phone** 202-289-3103

Troy Flanagan, Vice President, State and Local Government Affairs

✉ **Email** tflanagan@ahla.com

☎ **Phone** 202-289-3125

Chris Burgoyne, Director, Government and Political Affairs

✉ **Email** cburgoyne@ahla.com

☎ **Phone** 202-289-3120

For media inquiries, please contact: Rosanna Maietta, Senior Vice President of Communications and Public Relations, at rmaietta@ahla.com / 202-289-3144; or Katie Longo, Senior Director of Government Affairs Communications, at klongo@ahla.com / 202-289-3148.



1250 I St. N.W., Washington, D.C. 20005

www.ahla.com