

February 3, 2020

The Honorable Maxine Waters  
Chairwoman  
House Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20510

The Honorable Patrick McHenry  
Ranking Member  
House Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20510

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the American Hotel & Lodging Association (AHLA), we thank you for your steadfast leadership during this extremely challenging period for our nation. Your work in guiding our nation through this unprecedented health and economic crisis continues to be critical to the recovery of the hotel industry and others impacted by this COVID-19 pandemic. As you examine the need for additional COVID-related stimulus, we urge you to work quickly to provide critical aid to the ailing hotel industry and its workers.

The hotel industry workforce has been uniquely devastated by the COVID-19 health crisis. According to the Bureau of Labor Statistics (BLS), the leisure and hospitality sector employed 3.8 million fewer workers in December 2020 compared to the prior year. The accommodations sector specifically has a 19% unemployment rate, compared to the national average of 6.7%.

The economic impact to our industry is equally as dramatic, with industry occupancy and revenues at record lows and not projected to recover before 2024. Thousands of hotels across the country remain shuttered, with ruinous consequences for jobs and the local communities our members support.

AHLA was extremely grateful for the significant effort made at the end of the 116th Congress in reaching a compromise on another COVID economic relief package. The bipartisan Coronavirus Response and Relief Bill represents a necessary lifeline to help the hotel industry survive this crisis. This relief will help thousands of hotels stay open and retain employees over the next few months.

Specifically, the second round of Paycheck Protection Program (PPP) loans, which increases the size of PPP loans to 3.5 times payroll for those in the food service and lodging sectors and makes PPP loan expenses tax-deductible, provides much needed hope and financial assistance for hotels and other businesses that have been ravaged by the pandemic. Other crucial measures for the hotel industry included in the bipartisan compromise package include the one-year extension for Troubled Debt Restructuring (TDR) relief, which allows banks to continue working with borrowers to provide additional forbearance and debt relief, business meal deductibility through 2022, and an expanded Employee Retention Tax Credit.

It is important to note that the bipartisan coronavirus relief legislation passed during the waning days of the 116<sup>th</sup> Congress was never designed to be the panacea for our economy or the specific industry sectors that have been decimated by the pandemic. While the PPP loan program has injected much needed liquidity into the small business market, there are thousands of mid-to large sized businesses in the hospitality sector that do not qualify for the PPP program and have received no relief whatsoever during the pandemic.

Notably, the Main Street Lending Program, which was promoted as a key element of the Coronavirus, Aid, Relief, and Economic Security (CARES) Act, was an abject failure and provided no relief to the hotel industry, leaving 71% of hotels on the brink of closure and millions of jobs at permanent risk according to a recent AHLA survey. Hotels were shut out from utilizing this potentially valuable program due to the rigid EBITDA leverage test. Most hotels are financed via mortgage debt, which means that their total outstanding debt is generally already above the maximum six-times EBITDA threshold that was established in the Main Street Lending Facility. Any future relief lending facility must account for the unique and asset-heavy nature of the hotel industry.

AHLA encourages Congress to act immediately to implement additional long-term grant programs for industries and workers that are facing irreparable harm without further assistance. The hotel industry is years from a return to normalcy and more help is needed to preserve this essential sector of the economy and the jobs it supports.

We look forward to working with Congress and the new Administration on a longer-term stimulus package that will ensure our industry survives and is well positioned to help the country recover economically once the public health threat subsides.

Sincerely,



Brian Crawford  
Executive Vice President, Government Affairs

CC: Members of House Committee on Financial Services