

The Honorable Jerome Powell  
Chairperson, Board of Governors  
Federal Reserve System States  
Eccles Federal Reserve Board Building  
Washington, DC 20551

The Honorable Steven Mnuchin  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

March 31, 2020

Dear Chairman Powell and Secretary Mnuchin:

On behalf of the thousands of businesses we represent, and the 15.8 million Americans whose jobs depend on travel, thank you for your leadership in response to one of the most significant health threats and economic disruptions in our nation's history.

On March 27, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included a \$454 billion for an economic stabilization fund to support severely distressed U.S. businesses, States and municipalities. We urge you to quickly utilize the CARES Act's authority and resources to establish programs to stabilize travel-dependent businesses, keep workers employed and mitigate a larger financial crisis resulting from widespread economic disruption due to COVID-19.

Unlike other sectors of the economy, the government's wide-spread quarantines, travel restrictions, and social-distancing measures related to COVID-19 are having a devastating and direct impact on travel-dependent businesses. Without customers, sales and revenue, travel-dependent businesses of all sizes are unable to meet labor and benefit obligations, rents, loan payments, and other basic operational costs. According to a recent study by Oxford Economics, these government-mandated limitations will lead to:

- **5.9 million jobs lost** by the end of April, increasing the unemployment rate to 7.1%;
- **\$400 billion in revenue losses** resulting from lost travel spending in the U.S., which will translate into a total loss of \$910 billion in economic output; and
- **A protracted recession of the U.S. economy**, based on the travel sector losses alone.

The economic importance of America's travel industry cannot be overstated. In 2019, travel to and within the United States generated \$2.6 trillion in economic output, which accounts for more than 2% of GDP. Travel businesses directly employ 9 million Americans. International travel to the U.S. is our nation's second-largest industry export and the top services export. One-in-ten jobs in the U.S. depend on travel and tourism.

Our members' access to the programs contained in the CARES ACT is vital to their financial survival and ability to lead the economic recovery. Title IV of the CARES Act provides \$454 billion for the Treasury Department and Federal Reserve to establish programs with terms and the ability to borrow on an industry-

wide basis or covering a broad swath of the economy. Given the substantial job and economic losses across all sectors of the travel industry, we strongly urge the Treasury Department and Federal Reserve to establish a dedicated program for travel-dependent businesses that provides direct loans, loan guarantees and a wide range of financial tools authorized under the Act.

Specifically, we request that the Treasury Department and Federal Reserve establish, within 10 days, programs that provides expedited and streamlined relief for eligible travel-dependent businesses and organizations that are not eligible to receive other assistance under the CARES Act. Travel-dependent businesses and organizations that should be eligible for assistance under Title IV need to include:

- **Mid- and large-sized businesses**, which are generally ineligible to receive more than \$377 billion in enhanced Small Business Administration (SBA) loans under the CARES Act including global hotel brands, lodging real estate investment trusts (REITs) and hospitality management companies, transportation service providers, resort and gaming companies, restaurants and food service, travel technology companies, amusement parks, theme parks and other attractions, retail and shopping centers and meetings, event and convention industry companies;
- **Nonprofits**, including 501(c)(6) and 501(c)(4) with less than 500 employees, which are ineligible for business interruption loans under the CARES Act's Paycheck Protection Program (PPP); and
- **Political Subdivisions and Instrumentalities of States and Municipalities**, such as airports, Destination Marketing Organizations (DMOs), convention centers or State Tourism Offices, which are financially dependent on government funding or revenue collected through hotel room taxes and are generally ineligible to receive SBA loans under the CARES Act.

Within the programs and facilities established under the CARES Act, we urge the Treasury Department and Federal Reserve to use the wide range of financial assistance tools provided under the Act to support travel-dependent businesses, including:

- **Direct loans for severely impacted large businesses**, through a streamlined and expedited process, to support entities that are suffering substantial year-over-year declines in customers and revenue compared to 2019 and are unable to receive credit or assistance elsewhere.
- **Direct Federal investment** in eligible companies in the form of purchasing debt obligations (e.g. corporate or municipal bonds), securities, options, swaps, or a subordinate interest in assets, particularly for those that are unable to receive credit or other forms of assistance elsewhere..
- **Expanded access to Commercial Paper Funding Facility, Primary Market corporate Credit Facility, Term Asset-Backed Securities Loan Facility** and other existing programs by adjusting the terms for credit ratings to account for companies that were credit worthy as of January 1, 2020, and loosening requirements on eligible collateral (i.e., asset-backed securities or corporate bonds) for direct loans.
- **Direct loans for mid-sized businesses and nonprofits** through the program encouraged under Section 4004(c)(3)(D) of the CARES Act that would provide direct loans with annualized interest rates at no more than 2% and six months of forbearance on principle or interest.
- **Guidance to Multi-Unit and Multi-Brand Franchisors** who want to provide financial relief to their franchisees via a facility or program;

- **A Main Street Lending Program** that enables lending through local banks and credit unions to small nonprofits, including 501(c)(6) and 501(c)(4), and political subdivisions of States and municipalities, including Destination Marketing Organizations and State tourism offices.
- **Municipal Bond Facility** established through the Federal Reserve through which bond proceeds may be used by eligible States and municipalities to support governmental entities reliant on travel-dependent tax revenue, such as hotel occupancy taxes, sales taxes, and rental car taxes (e.g. DMO's, convention centers, airports or State Tourism Offices). Funds are needed to help cover basic expenses, including labor costs and benefit obligations, rents, and loan payments.

We urge the Treasury Department, Federal Reserve and the entire Administration to act broadly and aggressively to mitigate the potentially catastrophic losses of this unprecedented economic challenge. We believe the establishment of programs to support travel-dependent businesses is necessary to supplement other provisions under the CARES Act. We stand ready to work with the Administration and Congress in implementing this important program.

Signed,

U.S. Travel Association  
American Hotel & Lodging Association

Asian American Hotel Owners Association  
International Franchise Association