

## **Hospitality and Commerce Job Recovery Act of 2020**

*Introduced by Senators Catherine Cortez Masto (D-NV) and Kevin Cramer (R-ND)*

The COVID-19 pandemic presents a tremendous challenge to both our public health and our economy, and no industry in the U.S. has been more severely impacted than the travel and hospitality sector. The coronavirus pandemic froze convention, entertainment, hospitality and travel operations across the country, seemingly in an instant. Despite early bipartisan action by Congress to provide direct assistance to both workers and hardest hit businesses, the travel and tourism industry continues to struggle. It will likely be the sector that takes the longest to recover.

Public health concerns over the rapidly spreading pandemic led state and local government leaders to restrict non-essential commerce or take necessary precautions to halt public gatherings in communities across the country. These actions, while necessary to slow and mitigate the infection rate, cost the travel and hospitality industry, its workforce and their communities, including thousands of furloughed and unemployed workers and the loss of hundreds of billions of dollars in revenue in just a few months.

Congress must once again come together in a bipartisan way to help industries struggling the most to recover the jobs that were lost and return to a state of economic stability and keep workers employed. The *Hospitality and Commerce Job Recovery Act* provides comprehensive relief and recovery measures for the convention, trade show, entertainment, travel and hospitality industries and its workers. The bill stimulates the economy by creating new recovery incentives for hospitality and trade shows, enhances the employee retention tax credit to help maintain the vital connection between workers and their employers, and provides recovery incentives for middle class families to help revitalize the travel economy. These sectors are a major economic engine supporting our communities with millions of U.S. jobs and billions of dollars in economic output. Congress must leverage every opportunity in its power to target assistance specifically to these industries and workers who need it most, paving the way to a sustainable recovery once conditions permit for a full return to travel.

- The travel economy has **shrunk by \$402 billion** since March and travel spending has declined by 45% since last year (U.S. Travel).
- Even with more rooms gradually opening and increased traffic on weekends, Las Vegas has seen a **decline in visitor volume of -57%** from August of last year (LVCVA). Visitation to North Dakota since the pandemic **-38%**, a loss of \$922 million in visitor spending (ND Commerce).
- **No industry has lost more jobs during this pandemic than leisure and hospitality.** Employment in travel and tourism has fallen by 23.9% across the nation this year (BLS).
- **Passenger travel into Las Vegas by air has declined by 60.8%** this year (LVCVA). Closure of the Canadian border resulted in **loss of 400,000 trips** to North Dakota this year (ND Commerce).
- Conventions and trade shows have largely been halted this year, with very little certainty about when they will come back. Restaurants widely report that without additional support many will be forced to close their doors. Live entertainment venues remain dark, and workers are still unsure of when they will return.
- **Nevada maintains the highest unemployment rate in the country** throughout this pandemic (BLS).
- The decline in travel spending has **cost federal, state, and local tax revenues over \$52.1 billion** since March 1 (U.S. Travel).

## MAJOR ENDORSEMENTS

### U.S. TRAVEL ASSOCIATION

“The travel industry has been one of the hardest hit by COVID-19, accounting for almost 40 percent of all jobs lost due to the pandemic. The industry is now on track to shrink by more than a half a trillion dollars by the end of the year,” said **Tori Barnes, Executive Vice President of Public Affairs and Policy at the U.S. Travel Association**. “The numbers speak for themselves. Without a recovery in travel, there can be no broader economic recovery.”

“By targeting tax incentives on the areas that need the most help—including in the meetings and events and entertainment sectors—the *Hospitality and Commerce Job Recovery Act* will provide a significant boost to travel jobs, helping to ensure the millions of Americans that rely on travel for income can get the financial stability they need. This bill is essentially a jobs bill, not only will it protect jobs but it will help drive demand to bring the jobs that have been lost back more quickly. We thank Senators Cortez Masto and Cramer for their bold and innovative leadership.”

### AMERICAN GAMING ASSOCIATION

“Mandatory closures caused by the COVID-19 pandemic shuttered the entire American gaming industry, significantly affecting our employees and communities across the country. While gaming’s responsible reopening is well underway, the sustained economic damage has jeopardized our ability to sustain jobs and drive much-needed tax revenue that will be essential to our nation’s economic recovery,” said **Bill Miller, President and Chief Executive Officer at the American Gaming Association**.

“The bipartisan *Hospitality and Commerce Job Recovery Act* will enable the gaming industry to retain employees and jumpstart nongaming elements of our business, like meetings and conventions, which account for the majority of our revenue in markets like the Las Vegas strip. The American Gaming Association is grateful for the continued leadership of Senators Cortez Masto and Cramer, whose hard work will expedite the recovery of the entire hospitality industry and the communities we support.”

### AMERICAN HOTEL AND LODGING ASSOCIATION

“More than six months into this pandemic the hotel industry remains in crisis. Thousands of hotels are in jeopardy of closing forever because they cannot afford to pay their mortgages, closing permanently, and causing added stress to the U.S. economy. With hotels in every community across America, the ripple effect will be felt for years. The job loss is staggering already,” said **Chip Rogers, president and CEO of the American Hotel & Lodging Association**.

“The bipartisan *Hospitality and Commerce Job Recovery Act*, introduced thanks to the continued leadership by Senators Cortez Masto and Cramer, is exactly what the hotel industry needs to help drive demand, bring back jobs and reignite a continued investment in the communities they serve. Our industry’s priorities have always focused on retaining and rehiring our workforce, and the tax incentives provided in this bill will alleviate some of the strain felt by the hospitality industry during this crisis and allow us, and the broader economy, to move towards recovery.”

## **NEVADA RESORT ASSOCIATION**

“No other state in America depends on travel and tourism at the magnitude Nevada does,” said **Virginia Valentine, president of the Nevada Resort Association**. “In fact, Nevada is the crossroads where all the segments of the travel and hospitality industry meet – making us the national epicenter of economic devastation caused by COVID-19. As the lifeblood of Nevada’s economy, Nevada’s resort industry is the largest employer, the largest taxpayer and the economic foundation the state thrives upon. Over the past seven months, Nevada families, businesses and state and local budgets have faced devastating financial ramifications given the billions of dollars in lost economic activity due to the mass cancellations of conventions, trade shows and events and business and leisure travel.

“While Nevada’s resort industry continues to do all it can to recover as quickly as possible and bring Nevadans safely back to work, the road back to economic normalcy is expected to take years. The bipartisan *Hospitality and Commerce Job Recovery Act* will help expedite recovery and provide immediate relief to struggling Nevada families and businesses that depend on the meetings and conventions and the travel and tourism industries. We applaud Senators Cortez Masto and Cramer for taking action to prevent permanent job losses and further damage to our battered industry and workforce by focusing on common sense solutions.”

## **NORTH DAKOTA DEPARTMENT OF COMMERCE, Tourism and Marketing Division**

“The travel and hospitality industry was the first to suffer losses due to the COVID-19 pandemic and continues to feel the most dramatic impacts worldwide. In North Dakota, we have lost more than \$941 million in visitor spending forcing restaurants and hotels to make difficult decisions as the pandemic continues. The border closure alone has resulted in the loss of more than 400,000 visitor trips from Canada. We are grateful to Senator Cramer, who understands the economic value of tourism, and we commend his leadership as well as Senator Cortez Masto’s in introducing the bipartisan, *Hospitality and Commerce Job Recovery Act*. This plan will assist businesses by providing the operational support needed to help our hospitality businesses remain open and offer tax relief to Americans who travel, further supporting business sustainability,” said **Sara Otte Coleman, Director Tourism and Marketing Division, North Dakota Department of Commerce**.

## SECTION BY SECTION

### SEC. 2. ESTABLISHMENT OF TAX CREDIT TO SUPPORT THE CONVENTION AND TRADE SHOW INDUSTRY:

Provides a general business credit (or a refundable payroll tax credit in the case of nonprofit organizations) for the cost of attending or hosting a convention, business meeting, or trade show in the United States between January 1, 2021 and December 31, 2023.

- Specifically, creates a convention and trade show restart credit equal to:
  - 50% of the qualified participation costs paid or incurred by the taxpayer, and
  - 100% of the qualified restart costs paid or incurred by an eligible provider.
- Qualified participation costs would be defined as any cost incurred to attend a qualified event, including registration fees, lodging, and costs associated with trade show exhibitions.
- Qualified restart costs would be defined as any cost associated with reopening facilities designed for conventions, business meetings, or trade shows, if the facility was forced to close down or reduce operations due to the COVID-19 pandemic—including any renovation, remediation, testing, or labor cost needed to prevent the spread of COVID-19.

### SEC. 3. IMPROVEMENTS TO EMPLOYEE RETENTION TAX CREDIT: Makes improvements to the Employee Retention Tax Credit, including—

- Increasing (from 50% under CARES) the tax credit to be based on 80% of compensation paid to employees, up to \$15,000 per quarter (but no more than \$45,000 over the calendar year) for employers experiencing a revenue decline of 50 percent or more.
- Allowing employers experiencing a revenue decline below 50 percent (10-50% decline) to gain access to the credit, but under a formula that reduces the credit based on how small the revenue loss is.
- Allowing governmental employers to gain access to the credit if they pay wages to employees while their operations are fully or partially shut down.
- Clarifying that group health plan expenses can be considered qualified wages even when no other wages are paid to the employee.
- Increasing the threshold for employers to be considered small employers, from those with 100 full-time employees or less to those with up to 1,500 full-time employees and less than \$41.5 million in revenue in 2019. This allows more businesses to utilize the credit even if their employees are working.

### SEC. 4. REPEAL OF LIMITATION ON ENTERTAINMENT, ETC. EXPENSES RELATED TO TRADE OR BUSINESS:

Restores the Entertainment Business Expense Deduction by repealing the changes made by the 2017 Tax Cuts and Jobs Act.

**SEC. 5. ESTABLISHMENT OF TAX CREDIT TO SUPPORT THE RESTAURANT INDUSTRY:** Provides a general business tax credit for restaurants or food service businesses, covering any cost associated with reopening or increasing service at an establishment forced to close down or reduce operations due to the COVID-19 pandemic—including any renovation, remediation, testing, or labor cost needed to prevent the spread of COVID-19. Credit would be effective between the date of enactment and December 31, 2022.

- Specifically, creates a restaurant and dining restart credit equal to the qualified restart costs paid or incurred by the taxpayer.
- Qualified restart costs include costs in reopening a trade or business property or increasing meal and beverage services provided at such property including renovation, remediation, additional labor, or rental costs or testing of employees.

**SEC. 6. CREDIT FOR TRAVEL EXPENDITURES:** Provides an individual tax credit for qualified travel expenses occurring in the United States between January 1, 2021 and December 31, 2023.

- Specifically, creates a credit for individuals worth 50 percent of qualified travel expenses up to a maximum of \$1,500 per household plus \$500 for each qualifying child (providing a maximum benefit of \$3,000 for a family of five). The credit begins phasing out for individuals making over \$75,000 per year (\$150,000 for married couples).
- Qualified travel expenses would include any travel expense above \$25 incurred at least 50 miles from the individual's home and includes an overnight stay, including expenses related to meals, lodging, recreation, transportation, amusement or entertainment, and gasoline.
- The tax credit can be carried back to the previous tax year, to provide a for a quicker benefit.