

HOSPITALITY AND COMMERCE JOB RECOVERY ACT OF 2021

*Introduced by: Senators Catherine Cortez Masto (D-NV) and Kevin Cramer (R-ND)
Representatives Steven Horsford (NV-04), Darin LaHood (IL-18) and Jimmy Panetta (CA-20)*

The COVID-19 pandemic continues to present 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. The economic ripple effect of those necessary closures continues today. 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 and will likely take 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 struggling industries recover the jobs that were lost, return to a state of economic stability and keep workers employed. The ***Hospitality and Commerce Job Recovery Act of 2021*** 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 relief and recovery incentives for hospitality and trade shows, extends the employee retention tax credit to reduce layoffs and keep Americans employed, and provides a tax credit 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 [shrank by \\$492.3 billion in 2020](#) and spending declined by 42% over the year.
- **No industry has lost more jobs during this pandemic than leisure and hospitality.** Of all jobs lost nationwide, [39% were from leisure and hospitality](#).
- The [decline in travel spending](#) has **cost federal, state, and local tax revenues over \$64.0 billion** over the course of 2020, a **36% decrease** from the previous year.
- Conventions and trade shows were largely halted in 2020, with very little certainty of their return in 2021. Live entertainment venues remain dark, and workers are unsure of when they will return.
- At the close of 2020, Restaurant employment in [46 states and the District of Columbia](#) remained below February's pre-coronavirus level – [nearly 2.5 million jobs lost](#). In 15 states and the District of Columbia, restaurant employment was still down more than 25% from February 2020. Restaurants widely report that without additional support many will be forced to close their doors.
- The hotel industry workforce in 2020 was cut dramatically due to the pandemic, with more than [670,000 direct hotel industry operations jobs lost](#) and nearly 4 million jobs lost in the broader hospitality industry. Hotel employment is unlikely to reach pre-pandemic employment levels until at least 2023. More than 70% of hoteliers said they could close or be forced to make additional layoffs without federal assistance.

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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, 2022 and December 31, 2024.

- 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 or participate in 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, personal protective equipment, cleaning, testing, or labor cost needed to prevent the spread of COVID-19.

SEC. 3. EXTENSION OF EMPLOYEE RETENTION TAX CREDIT: Extends the Employee Retention Tax Credit from July 1, 2021 to January 1, 2022.

SEC. 4. REPEAL OF LIMITATION ON ENTERTAINMENT, ETC. EXPENSES RELATED TO TRADE OR BUSINESS: Temporarily restores the Entertainment Business Expense Deduction by repealing the changes made by the 2017 Tax Cuts and Jobs Act for taxable years after December 31, 2020 and before January 1, 2023.

SEC. 5. ESTABLISHMENT OF TAX CREDIT TO SUPPORT THE RESTAURANT INDUSTRY: Provides a general business tax credit for restaurants or food service businesses (including carry-out food businesses whose primary operations function is prepared foods), 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.

SEC. 7. ESTABLISHMENT OF TEMPORARY TAX CREDIT FOR UNMERCHANTABLE INVENTORY: Provides a temporary credit for unmerchantable inventory between March 13, 2020 and September 30, 2020 at 90 percent of the qualified unmerchantable food and beverage costs for any taxpayer engaged in active trade of sale of food or beverage as a manufacturer, importer, wholesale distributor, or retailer.

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MAJOR ENDORSEMENTS*

U.S. TRAVEL ASSOCIATION

“Travel has been the industry hardest-hit by the pandemic, losing more than eight million jobs and almost a half a trillion dollars in spending last year,” **said U.S. Travel Association Executive Vice President of Public Affairs and Policy Tori Barnes.** “This bill is needed to drive demand and bring these jobs back quickly. It will also help the countless communities that rely on travel spending as a source of economic stability.”

AMERICAN GAMING ASSOCIATION

“Employees and businesses across the travel and hospitality sectors have been among the most disproportionately impacted by the pandemic. This bipartisan bill is just what we need to safely reopen, rehire employees, and incentivize activities that will be critical to our nation’s economic recovery,” **said Bill Miller, President and Chief Executive Officer at the American Gaming Association.**

AMERICAN HOTEL AND LODGING ASSOCIATION

The bipartisan Hospitality and Commerce Job Recovery Act, introduced thanks to the continued leadership by Senators Cortez Masto and Cramer and Representatives Horsford, LaHood and Panetta, is exactly what the hotel industry needs to help drive demand, bring back jobs and reignite a continued investment in the communities they serve,” **said Chip Rogers, president and CEO of the American Hotel and Lodging Association.**

NATIONAL RESTAURANT ASSOCIATION

“Restaurants appreciate the vision of these bipartisan lawmakers to begin connecting small businesses, restaurants, workers and travelers with the opportunities we need to rebuild our economy. Employee retention, perishable inventory and restaurant reopening credits recognize the unique hardship that so many businesses are undergoing, and we appreciate this support. We thank Senators Cortez Masto and Cramer, and Representatives Horsford, LaHood and Panetta, and look forward to working with them to advance this important legislation,” **Sean Kennedy, Executive Vice President of Government Affairs, National Restaurant Association.**

**Additional state, local, and association endorsements list provided by request*