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VACATION NATION: HOW TOURISM BENEFITS OUR ECONOMY

HEARING

BEFORE THE

SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE

OF THE

COMMITTEE ON ENERGY AND COMMERCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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VACATION NATION: HOW TOURISM BENEFITS OUR ECONOMY

TUESDAY, MAY 7, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:32 a.m., in room 2322, Rayburn House Office Building, Hon. Lee Terry (chairman of the subcommittee) presiding.

Present: Representatives Terry, Lance, Blackburn, Harper, Bilirakis, Long, Schakowsky, Butterfield, Sarbanes, Matheson, Barrow, Christensen, and Waxman (ex officio).

Staff Present: Kirby Howard, Legislative Clerk; Nick Magallanes, Policy Coordinator, CMT; Brian McCullough, Senior Professional Staff Member, CMT; Gib Mullan, Chief Counsel, CMT; Andrew Powaleny, Deputy Press Secretary; Shannon Weinberg Taylor, Counsel, CMT; Michelle Ash, Minority Chief Counsel; and William Wallace, Minority Professional Staff Member.

OPENING STATEMENT OF HON. LEE TERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Mr. TERRY. All right, I think we are ready to start.

Thank you all for being here. Good morning, and welcome to this morning's hearing of the Commerce, Manufacturing, and Trade Subcommittee.

And I am pleased to say that today we will be hearing from two stellar panels, one composed of the private-sector leaders and another composed of local and State leaders charged with promoting tourism within their communities. Both groups will be able to offer their firsthand knowledge of the importance of tourism to our economy and why Congress should be paying attention to this industry and finding ways to promote its growth.

The travel and tourism industry provides good middle-class domestic jobs almost by definition that can't be outsourced. According to Marriott's testimony, a new hotel opening can generate 1,000 permanent new jobs. For every five new hotel rooms they build, three American jobs are created. This does not take into account construction jobs or other indirect jobs that go into the building and maintenance of the property.

The U.S. Travel Association will describe similar statistics. For every 33 travelers who visit the U.S. from abroad, one U.S. job is created, they claim. And as if these numbers aren't convincing

enough, we will also hear from the restaurants about how their members employ 13.1 million Americans thanks in large part to 25 percent of their sales coming from the travel and tourism dollars.

These numbers are impressive. And as someone who once worked in the service industry at an amusement park and in restaurants, I can attest that the jobs created when restaurants, hotels, and amusement parks grow are good, honest-paying jobs that can help our young people find work and perhaps open their eyes to a career of unlimited growth.

What is not impressive and what I am concerned with is the current status of the U.S. when it comes to competing for foreign travelers. In 2000, the U.S. had 17 percent of the worldwide market for tourism. Today, we are somewhere around 13 percent. Why has there been a decrease? The average overseas traveler that visits the U.S. spends around $4,500 and 18 nights per trip, though we are getting fewer of these travelers to visit the U.S.

In 2010, Congress passed and the President signed into law the Travel Promotion Act. This law, among other things, authorized the public-private corporation known as Brand USA. While Brand USA is not the main subject of today's hearing, I can say with a high level of certainty that it will be the subject of a future hearing. Now, however, as many Brand board members and supporters are sitting before us today, I would like to hear specifically in dollars and cents how you think Brand USA has helped your businesses and, by extension, our economy.

I would also like to hear from the local tourism directors what role the Federal Government has in this type of program, given that Visit Florida alone plans on spending $63.5 million in fiscal year 2013–2014 on travel promotion.

So thank you to this panel and our next panel for traveling to Washington, D.C., spending a night in a hotel, hopefully, and spending some money in our restaurants. I look forward to your testimonies and now yield the remaining minute to the gentlelady from Tennessee.

[The prepared statement of Mr. Terry follows:]

PREPARED STATEMENT OF HON. LEE TERRY

Good morning and welcome to this morning's hearing of the Commerce, Manufacturing and Trade Subcommittee. I am pleased to say that today we will be hearing from two stellar panels-one composed of private sector leaders and another composed of local and state leaders charged with promoting tourism within their communities. Both groups will be able to offer firsthand knowledge of the importance of tourism to our economy and why Congress should be paying attention to this industry and finding ways to promote its growth.

The travel and tourism industry provides good, middle-class, domestic jobs that, almost by definition, cannot be outsourced. According to Marriot's testimony, a new hotel opening can generate almost 1,000 permanent new jobs, and for every five new hotel rooms they build, three American jobs are created. This does not take into account construction jobs and other indirect jobs that go into the building and maintenance of the property. The U.S Travel Association will describe a similar statistic—for every 33 travelers who visit the U.S. from abroad, one U.S. job is created, they claim. And as if these numbers aren't convincing enough, we'll also hear from the restaurants about how their members employ 13.1 million Americans -thanks in large part to 25 percent of their sales coming from travel and tourism dollars.

These numbers are impressive. And as someone who once worked in the service industry—both at an amusement park and in a restaurant—I can attest that the jobs created when restaurants, hotels and amusement parks grow are good, honest,

paying jobs that can help our young people get to work and perhaps open their eyes to a career with unlimited growth.

What is not impressive, and what I am concerned with, is the current status of the U.S. when it comes to competing for foreign travelers. In 2000, the U.S. had 17 percent of the worldwide market for tourism. Today we are somewhere around 13 percent. Why has there been a decrease? The average overseas traveler that visits the U.S. spends around $4,500 and 18 nights per trip-but we are getting fewer of these travelers to visit us.

In 2010, Congress passed and the president signed into the law the Travel Promotion Act. This law, among other things, authorized a public-private corporation now known as Brand USA. While Brand USA is not the main subject of today's hearing, I can say with a high level of certainty that it will be the subject of a future hearing. However, many of Brand's board members and supporters are sitting before us today, and I would like to hear, specifically, in dollars and cents, how you think Brand USA has helped your business, and by extension, our economy. I would also like to hear from the local tourism directors what role the federal government has in this type of program, given that Visit Florida alone plans on spending $63.5 million in FY2013–2014 on travel promotion.

# # #

Mrs. BLACKBURN. I thank the chairman for yielding.

And I tell you, in Tennessee, we are pleased with what happens with our tourism industry.

And, Mr. Chairman, I ask unanimous consent to insert into the record a statement from the Tennessee Department of Tourism commissioner, Susan Whitaker.

Mr. TERRY. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mrs. BLACKBURN. And Commissioner Whitaker oversees a $15.36 billion industry in our State, employs 143,000 Tennesseeans, and she is a true travel professional. We appreciate her good work.

And I yield back.

Mr. TERRY. Thank you.

I will yield back the last 44 seconds and now recognize the ranking member of the committee, Jan Schakowsky.

OPENING STATEMENT OF HON. JANICE D. SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Ms. SCHAKOWSKY. Thank you, Mr. Chairman. And thank you for yielding and for holding this important hearing.

I welcome all our witnesses and look forward to hearing from them, for me especially Ms. Speckman, who I am glad is here today representing Chicago's North Shore Convention and Visitors Bureau. Happens to be my home area.

Travel and tourism play a major role in our country's economy, with almost 8 million Americans in jobs tied to the tourism industry. It is important to determine how well the United States is doing in comparison to other countries in attracting foreign visitors. It is also important that we evaluate best practices in attracting visitors, both foreign and domestic, to different locations around the country. We can learn a lot from our panelists about what strategies are working and how they can be implemented.

Promoting travel and tourism is a national priority, and the House has worked in a bipartisan effort to promote the industry. The Travel Promotion Act of 2009, which established a nonprofit

corporation to promote travel to the United States and of which I was a cosponsor, is just the most recent example.

Last year, President Obama brought our national effort a step further by designating a task force on travel and competitiveness, which outlined a strategy to attract more foreign travel. The strategy included coordinated promotion of the United States as a destination of choice, efficiency measures to facilitate easier travel to and from the U.S., enhanced customer service, and performance-based measurements. It is a strong guiding document to help facilitate increased travel and tourism to the United States.

From the greatest city in the world—that would be Chicago—to the home of Abe Lincoln, to abundant activities in the great outdoors, my home State of Illinois has something for everyone. The State is actively engaged in advertising efforts to attract new visitors, and it has made planning Illinois travel easy with the EnjoyIllinois.com Web site. By ranking in the top 10 States for both domestic and international travel and with $32 billion spent by visitors to Illinois in 2011, the effort to attract travel and tourism is paying off. My district has benefited significantly from the travel and tourism industry, and I look forward to hearing from Ms. Speckman about what has made Illinois and the North Shore so successful in attracting visitors.

I look forward to learning from the expertise of our witnesses and leveraging their insight in order to enhance national, regional, and local tourism.

And I will yield the remainder of my time to Dr. Christensen.

OPENING STATEMENT OF HON. DONNA M. CHRISTENSEN, A REPRESENTATIVE IN CONGRESS FROM THE VIRGIN ISLANDS

Mrs. CHRISTENSEN. Thank you for yielding.

And thank you, Chairman Terry and Ranking Member Schakowsky, for holding this hearing on the important role that tourism plays in the U.S. economy. And it gives me a chance to highlight the role it plays in the economy of my district, the U.S. Virgin Islands.

Whether it is because of a natural or financial disaster, many of the districts we represent are economically challenged. This sequester is only exacerbating this crisis. Fortunately, tourism, with some minor ups and downs, like health care, has been what has continued to create jobs and keep many of us afloat.

Today, it gives me great pleasure to introduce an individual who can outline the importance of this sector to our community and the person who with excellence and passion leads our Department of Tourism in the U.S. Virgin Islands. And she will be on the second panel, but let me just say a few words about Beverly Nicholson-Doty, who was appointed our commissioner of tourism in 2007.

Earlier in her career, Commissioner Nicholson-Doty served as the executive director of the St. Thomas-St. John Hotel and Tourism Association, and she was the president of the USVI Hotel and Tourism Association in 2004. I had the pleasure of being at the meeting when Mrs. Nicholson-Doty was elected the chairwoman of the Caribbean Tourism Council of Ministers and Commissioners in 2012.

Under her direction, the U.S. Virgin Islands has experienced noteworthy growth in airline and cruise industry travel, including the return of the cruise industry to St. Croix. And under her leadership, we have seen our tourism product improve to meet the changing demands and to remain competitive. I am happy that she is here with us today to share her insight and experience in the tourism industry.

I have is a lot more to say, but I will save it for my 5 minutes. So let me welcome all of our witnesses here this morning and yield back my time.

Ms. SCHAKOWSKY. I yield back the remaining unless there is—OK. I yield back my time. Thank you.

Mr. TERRY. All right. Thank you.

At this time, I will yield to the gentleman 1 or 2 minutes, Lance, Leonard.

Mr. LANCE. One and a half.

Mr. TERRY. One and a half minutes to the gentleman from New Jersey, the vice chairman of this subcommittee.

OPENING STATEMENT OF HON. LEONARD LANCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. LANCE. Thank you, Mr. Chairman.

Tourism is one of the top job- and revenue-yielding industries in this country. And it certainly has a large economic impact in New Jersey, which attracts tourists for work and play to rural and urban settings alike. Whether for sports events in the Meadowlands in northern New Jersey—and the Super Bowl will be held there next winter—Federal area history in central New Jersey, places including the Battle of Trenton and the Battle of Princeton, important in our Nation's history, or agricultural venues throughout the State, there has been tremendous growth in the volume of visitors and in the size of their economic impact. The industry generates $17.8 billion in consumer spending in New Jersey and directly supports over 150,000 jobs.

Many will recall the JetStar, a much-beloved roller coaster at the New Jersey shore in the town of Seaside Heights which became iconic of damage from Superstorm Sandy when it was submerged into the Atlantic Ocean last October. Despite Sandy, New Jersey experienced a record-setting year, and we hope for an even better year this year.

Concerns within New Jersey's tourism industry are familiar to other States, as well. Struggles over seasonal or part-time worker coverage within the Affordable Care Act make it difficult to forecast business expenditures. Tax uncertainty causes confusion for those who own small businesses, and I know Congress is working on that in a bipartisan capacity this year.

Just last year, 2012, the U.S. recorded a $45 billion trade surplus for travel and tourism, and international visitors spent an enormous amount of money here in this country. Bringing more tourists to the United States will improve those figures and boost employment.

We owe our tourism-supported businesses clarity in regulatory matters so they can focus on doing their job and bringing revenue

streams into their communities. And, certainly, I welcome all visitors, domestic and foreign, to this country and, indeed, to New Jersey.

Thank you, Mr. Chairman.

Mr. TERRY. Thank you.

And I now recognize the gentleman from Florida, Mr. Bilirakis, for his minute and a half.

OPENING STATEMENT OF HON. GUS M. BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it very much. Thank you for holding this hearing.

From my perspective as a Floridian, this is an excellent hearing topic. Florida is a global hub for commerce and travel, and the State is an exceptional attraction for tourism. Whether you would like to enjoy a nice walk on the beach, some sunshine, some excellent seafood, spectacular nature and wildlife, roller coasters, or professional sporting events, Florida has something entertaining and relaxing for everyone.

Tourism is the lifeblood of the Florida economy. More than 1 million Floridians are directly employed by the tourism industry. Throughout our entire country, one out of every eight American jobs depends on travel and tourism. Last year, international travelers to the United States spent more than $128 billion. Increased tourism means more for America and for Floridians—more jobs for Americans and Floridians.

I look forward to hearing from our witnesses today about the economic importance of tourism and how we can support it. In particular, I welcome Mr. William Seccombe to subcommittee. Mr. Seccombe serves as the president and CEO of Visit Florida, the State of Florida's official not-for-profit tourism marketing corporation. Visit Florida serves as Florida's source for travel planning to visitors from across the globe. And I look forward to his testimony, of course, his presentation before this committee.

And I thank you, Mr. Chairman. I yield back the balance of my time.

Mr. TERRY. Perfectly timed.

And now the gentleman from Missouri, Mr. Long, is recognized for your minute and a half.

OPENING STATEMENT OF HON. BILLY LONG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. LONG. Thank you, Mr. Chairman.

And it is indeed an honor to have you all here today and talking about tourism in the United States. And, particularly, I want to talk about tourism in my district, and that being Springfield, Branson, and Joplin, Missouri, the southwest corner of the State.

And there was a lady named Herschend, that her and her family found a little cave, a marble cave down just south of us, oh, probably 30 miles, back in the late 1950s and developed the cave, felt people would like to take tours of this cave. And then they decided, well, maybe they will build a little theme park, an 1880s theme park around it, and that grew up into Silver Dollar City. And now they just announced a year ago that they are going to build the

world's largest wooden roller coaster with the steepest drop, 81-degree drop, 3 inversions.

When they announced that, to tell you the impact of tourism in this country and internationally, when they announced that, in Europe, they had people from Europe literally that bought plane tickets, came over, got hotel rooms, and rode the little train around Silver Dollar City where I used to ride with my grandmother. I loved it when they would hold her up on the train and rob her. But——

Mr. TERRY. In 1880.

Mr. LONG. Do you all hear static in the background?

But now those people came just to see where this was going to be built, this large wooden roller coaster.

From that, I would also tell you that my hometown is Springfield, Missouri, where a young college kid had a dream of putting a few fishing lures in the back of one of his dad's brown derby stores, and said, "Dad, I think we can sell discount tackle." That has grown into Bass Pro Shops, which is headquartered in Springfield. Drew over 7 million visitors to Bass Pro Shops in Springfield, Missouri, last year, and 1.9 million to Silver Dollar City, not to mention all the folks in Branson, which is the leading tourist destination in the United States, in my opinion anyway.

I rest my case.

Mr. TERRY. Thank you, Mr. Long.

Now I recognize the ranking chairman of the full committee, Mr. Henry Waxman.

OPENING STATEMENT OF HON. HENRY A. WAXMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. WAXMAN. Thank you very much, Mr. Chairman.

I am pleased you are holding this hearing on tourism in the United States. And I especially thank you for inviting Ralph Witsell of the Discover Torrance Visitors Bureau to testify on the second panel.

Discover Torrance has worked diligently to promote Torrance, California, and the broader beach cities, South Bay region, including Redondo, Hermosa, and Manhattan Beaches as an attractive location for both leisure travel and business conferences. These communities have stunning views, exhilarating water sports, and incredible restaurants, and they provide affordable lodging with access to two major airports and attractions throughout the Los Angeles area.

Today, travel and tourism is one of our Nation's top service industries. According to the Department of Commerce, over 7 million people are employed in jobs related to tourism. These jobs won't move offshore, and they often provide Americans with significant opportunity for advancement.

My home State of California is a major tourist destination for Americans from all over the country and is the transpacific travel gateway. The tourism and hospitality industry is an indispensable source of jobs and revenue, particularly in Los Angeles, which welcomed a record 41.4 million visitors in 2012. The congressional district I am proud to represent in Los Angeles is the home of world-class tourist destinations like Beverly Hills, Rodeo Drive, and the

Santa Monica Pier. My district also has lesser-known but wonderful destinations like the Conejo Valley. And I applaud the city of Agoura Hills for joining with Thousand Oaks to establish a tourism initiative to attract more travelers to this beautiful region.

President Obama demonstrated he understands the value of tourism promotion. One year ago, the administration released a national travel and tourism strategy that created a blueprint for effective Federal, State, local, and industry coordination to promote travel to locations nationwide.

This strategy, along with other efforts, has had an impact, particularly attracting greater numbers of international visitors, who tend to travel for a longer period of time and put more money into the economy. Just yesterday, the Department of Commerce released data showing that international visitors contributed $43 billion to the U.S. economy in the first quarter of 2013, which is an increase of nearly 3 percent when compared to last year.

I have long advocated for a national tourism strategy that works for both internationally known attractions like Rodeo Drive and those that are lesser known like the pristine beaches of the South Bay. I also support efforts to ensure travelers have a positive experience throughout their trip, whether renting a car or booking a hotel room or dealing with government entities like TSA and the National Park Service.

It is these insights in hearings like this that will enable us to better understand tourism promotion so that we can work together to maintain strong growth in travel and tourism industries. I look forward to all the witnesses' testimony and to our discussion at this hearing.

I just have to say, unfortunately, Mr. Chairman, there is another hearing going on in another subcommittee on energy policy that I also must attend, so I'll be back and forth. But I thank you for holding this hearing. It's an important one. And I am glad all of our witnesses are here today.

Whether you are hearing about California, which is the primary, wonderful destination for people all over the country or the world, or Chicago, which is called the second city for good reason, all of us represent places you all want to see and visit and spend a lot of money.

Thank you.

Mr. TERRY. Then Omaha must be the third city. And we are very proud of our pristine sandbars along the Missouri.

At this time, I am going to introduce our first panel. We have Roger Dow, president and CEO of U.S. Travel Association; Kathleen Matthews, executive vice president and chief of global communications and public affairs for Marriott International; Brian Rothery, assistant vice president, government affairs, for Enterprise Holdings; Lori Gaytan, senior vice president, Americas HR and global reward, InterContinental Hotels Group—thank you; and Hudson Riehle, senior vice president, Research and Knowledge Group, National Restaurant Association.

And some of you are familiar with this process. Each of you will get 5 minutes. We will go from Mr. Dow to Mr. Riehle. You have a light in front of you. When you see the yellow, that means think about your conclusion.

So, Mr. Dow, we appreciate your testimony. You are recognized for 5 minutes.

STATEMENTS OF ROGER DOW, PRESIDENT AND CEO, U.S. TRAVEL ASSOCIATION; KATHLEEN MATTHEWS, EXECUTIVE VICE PRESIDENT AND CHIEF GLOBAL COMMUNICATIONS AND PUBLIC AFFAIRS OFFICER, MARRIOTT INTERNATIONAL, INC.; BRIAN D. ROTHERY, ASSISTANT VICE PRESIDENT OF GOVERNMENT AFFAIRS, ENTERPRISE HOLDINGS, INC.; LORI GAYTAN, SENIOR VICE PRESIDENT OF HUMAN RESOURCES, INTERCONTINENTAL HOTELS GROUP; AND HUDSON RIEHLE, SENIOR VICE PRESIDENT, RESEARCH AND KNOWLEDGE GROUP, NATIONAL RESTAURANT ASSOCIATION

STATEMENT OF ROGER DOW

Mr. DOW. Thank you very much, Chairman Terry.

I have to say this panel is extraordinarily well-versed in the facts. I could just leave right now because you have covered all the pertinent facts, but maybe I could add a little color. I have had the opportunity, I grew up in your State, and I have lived in six of your States, thanks to this great industry. So it is terrific to be here.

U.S. Travel is the nonprofit organization that represents all of the travel industry. I had the pleasure of testifying before this subcommittee last year on the economic impact, and I return with some good news.

You have stated the numbers extremely well. We are $885 billion to the U.S. economy of people that get their paychecks from folks like this, but another $1.2 trillion when you think about all the people that make the vans and the signs and the flowers, et cetera; $120 billion in taxes. So we are kind of a darling of the economy.

When you look at, just as you said, jobs, Mr. Long, one in eight jobs—and in Florida you have talked about jobs, how important they are. And we are in the top 10 employers in all 48 States, territories, and the District of Columbia—two states not, but 48 of the States. And that is terrific.

And I want to talk about one of the more lucrative sectors, and that is overseas travel. Thirty million overseas visitors came to the U.S. last year. They stay longer, 18 nights on average. They spend more, $4,500 per person. And as you stated, every plane that lands, 33 of them add 1 new American job that can't be outsourced

We have been a very resilient group, restoring 85 percent of the jobs lost in the downturn versus the rest of the economy, 69 percent, and being the number-one service export, with $160 billion to the U.S. economy. So every 1 percent that we improve adds another $1.6 billion that wasn't here. These folks leave their money, and they go home. It is a wonderful thing for our economy.

Department of Commerce just said—their numbers are released—we are growing three times faster than all other industries. And enormous potential. You talked about 17 percent share 13 years ago in 2000; now 13 percent. So it just shows the opportunity.

I come with some good news today. First of all, Brand USA, thanks to the support of so many of you, was enacted from the

Travel Promotion Act, which 3 years ago passed. And Brand USA promotes the U.S. as a destination. It levels the playing field. The gentlemen from California and Florida are blessed with huge budgets to promote, but so many other States aren't, and territories. And this gives an opportunity to level the playing field across America, and I think that is one of the important roles.

And even for Florida and California, until people decide to come to the U.S., their dollars don't go very far. So this Brand USA does a great job of getting people to understand U.S. Just starting out, Brand USA has done a tremendous job of improving that important statistic of intent to travel here, double digits. In the countries where they are promoting, double digits intend to come to the U.S. So it is going to be is a huge opportunity. And, as you all know, not one penny of taxpayer funds fund Brand USA.

The second thing is the visa wait times, a lot of good things have happened. State Department has driven down the visa wait times by 90 percent. It used to be over a 100 days to get a visa interview in China and Brazil. It is now under 10 days and actually about 5 days.

Adding visa-waiver countries, we went from 27 to now 37, with Taiwan being added in as the 37th visa-waiver country in November. And those countries do a tremendous amount already improving travel. When South Korea went to the visa-waiver program, in the last 3 years, South Korea is up 63 percent—1.2 million visitors, $4.2 billion, 34,000 jobs.

And there is legislation before you all, and one of my colleagues will talk a little more about that, the JOLT Act, which is very important to keeping these wait times down, adding visa-waiver countries from low-risk countries like Brazil, Chile, Argentina, Poland, very important to your area, and Israel, so very important. It is also important that that JOLT Act asks to test secure videoconferencing for interviews in many remote areas. So we have 37 cosponsors on the JOLT Act. I hope those that are not cosponsoring will do so.

But all this goes for naught if we don't do a better job of getting people into the country through customs. We have got this funnel that we built here, and Customs and Border Protection are operating as best they can with the resources they have, but they are resource-constrained. To me, it is just like having two cashiers at Costco on a Christmas holiday or during the holidays that just can't make it happen.

So there is legislation in the budget—the budget has been presented—for 1,200 new CBP officers, and the Immigration Act asks for 3,500. And we need those at our southern borders but also at our airports that are very important. People tell us they are avoiding the United States because of the fact it is difficult to get through customs, a 4-hour wait sometimes, which is just inexcusable and drives people to other destinations.

Lastly, business travel is robust. For every dollar—we just did a research study, came out today. Every dollar spent in business travel yields over $12 in revenue and almost $3 in profit. Those companies that travel more get more business, simple as that.

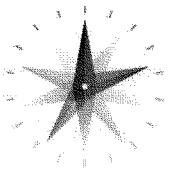
And I ask you, when we think about the government travel, that we really think about not having excess but important travel and

keeping that measure of what is the right travel, where does it add value. And that would be very important.

I thank you for the chance to testify, and I appreciate all you do to support this industry.

Mr. TERRY. Thank you.

[The prepared statement of Mr. Dow follows:]



U.S. TRAVEL
ASSOCIATION

TESTIMONY FOR THE RECORD

OF

ROGER DOW
PRESIDENT AND CEO OF THE U.S. TRAVEL ASSOCIATION

ON

"VACATION NATION: HOW TOURISM BENEFITS OUR ECONOMY"

BEFORE THE
HOUSE ENERGY AND COMMERCE COMMITTEE
SUBCOMMITTEE ON COMMERCE, MANUFACTURING, AND TRADE
MAY 7, 2013

Chairman Terry, Ranking Member Schakowsky and members of the Subcommittee: I am pleased to offer testimony on behalf of the U.S. Travel Association (U.S. Travel), the national non-profit organization representing all sectors of America's $2 trillion travel community. We had the opportunity to testify before this Subcommittee a year ago on the economic impact of travel promotion. We return with good news – and with a prescription for even better news next year.

In all 50 states, travel provides good domestic jobs that cannot be outsourced. In 2012, direct travel spending in the United States totaled $855 billion, which generated a total of $2 trillion in economic output and more than $129 billion in tax revenue. Travel also directly employed 7.7 million Americans and was among the top 10 employers in 48 U.S. states and the District of Columbia.

The most lucrative segment of this sector is "long-haul" or overseas travel to the United States. The overseas traveler stays longer and spends more while here – an average of 18 nights and nearly $4,500 per visitor per trip. Millions of global citizens are now traveling abroad and for every 33 overseas travelers who decide to visit the U.S., an additional American job is created.

The travel industry was not spared by the recession, but since 2010, we have helped lead the economic recovery by restoring 85 percent of the jobs lost during the downturn compared to just 69 percent of the rest of the economy. Today, travel is our nation's number one service export and is growing fast. In 2012, travel exports totaled $168.1 billion (including traveler spending and international passenger fare payments to U.S. carriers), yielding a record $50 billion travel trade surplus. Just last week, in an otherwise disappointing quarterly trade deficit update, the Commerce Department reported that travel exports rose 5.7 percent compared to the first quarter of 2012, a rate three times faster than the rest of American exports.

While we are an unusually resilient industry, credit for helping encouraging increased international demand for travel to the U.S is also due both to the travel promotion work of Brand USA and to the visa process reforms resulting from the goals laid out in the President's National Travel and Tourism Strategy. To describe the outsized economic impact of overseas visitors, we long ago coined the term "walking stimulus packages." They come to our cities and states to spend money and add few demands on public services. The turnstiles at our theme parks or national parks already exist; it's just a question of how many more people we can attract to them.

The potential for further growth is enormous. In 2000, the U.S. had a 17 percent share of the worldwide travel market. Last year, even as we competed better in the booming global travel market, our share was still less than 13 percent. Had we just kept pace with the global long-haul travel market over the last dozen years, the U.S. would have seen 98 million more overseas arrivals, bringing an additional $722 billion in spending, which creates $49 billion additional tax revenues – and most important, 42,500 more American jobs.

Many of the obstacles to restoring our market share are self-imposed and thus can be overcome. The keys are to promote expanded international travel to the United States and to facilitate border entry for legitimate travelers – without in any way compromising security.

I promised some good news and here's the first piece: Brand USA. With support from many of you on the dais today, the Congress three years ago enacted the Travel Promotion Act. That legislation created the public-private partnership now known as Brand USA. By promoting the United States as a destination and clearly explaining our security policies, Brand USA is helping to restore our competitive advantage in the world travel market. Already, the critical "intent to travel" metric has

risen by double digits in each of Brand USA's initial target countries, with similar results anticipated soon from the subsequent global advertising campaign – all without a penny of U.S. taxpayer funds.

Improved perceptions of the United States have in turn increased demand on our visa process. In this area, I can report on three important developments since last year.

First, the State Department made remarkable progress in reducing wait times for visa interviews in China, India, Brazil and other high-demand nations. By deploying consular personnel more nimbly and with a focus on customer relations, State has reduced delays in many countries by as much as 90 percent.

Second, in November Taiwan became the 37th nation admitted to our Visa Waiver Program (VWP) allowing for reciprocal visa-free travel in return for stricter security protocols between our two nations. Travel demand has already risen. This is no surprise, given the staggering increase in visitors from South Korea since its inclusion in VWP in late 2008. Within two years, arrivals exceeded one million visitors, a new record; and the pace of increase since has only picked up steam growing by 63% since 2008.

In 2012, South Koreans traveler spending was $4.2 billion – three percent of total overseas traveler spending to the U.S. -- which supports 34,000 American jobs.

Third, bipartisan legislation is now pending in both the House and Senate to accelerate progress further. In the House, Reps. Joe Heck (R-NV) and Mike Quigley (D-IL) have sponsored HR 1354, the "Jobs Originating through Launching Travel" (JOLT) Act which would: expand the VWP, reduce visa processing delays, enhance travel to the U.S. during low peak seasons, provide accelerated visa processing for a fee and test the use of secure videoconference technology for visa interviews. The JOLT Act, introduced a month ago, now has 37 House cosponsors. We encourage members of the Energy and Commerce Committee to cosponsor this important legislation and find vehicles to move it to the floor for a vote.

In the Senate, most of the same JOLT provisions were included in the "Gang of Eight" proposal for comprehensive immigration reform. All these changes would address problems first identified in a lengthy 2011 U.S. Travel report. Our analysis showed that delay, cost, access and unpredictability in the visa process served as a barrier for potential visitors and contributed to our lost market share. The JOLT Act would solve these problems.

But all our work to promote the U.S. brand and to ease inefficiencies in the visa process will be ineffective unless we also improve the entry experience at our borders. Earlier this year, U.S. Travel commissioned a survey of 1,200 overseas travelers from six top travel markets and the results were extremely disappointing:

- Forty-three percent of those who visited the U.S. said they would tell other people to avoid a trip because of the entry process;
- One in seven travelers said they missed a connection because of delays at Customs;
- Visitors report they would share their travel nightmare stories with an average of eight other people; and
- Among potential business travelers, 44 percent said they will not visit the U.S. in the next five years because of the inefficient entry process.

As discouraging as those reactions were, here's the one most important takeaway: almost two-thirds said that eliminating long lines and wait times would make the U.S. a more attractive destination. In other words: if we fix it, they will come.

There must be greater accountability. Just as our nation set a goal for attracting 100 million visitors to the U.S., we need to process each arriving passenger within 30 minutes. Among survey respondents who had never come to the U.S., forty percent said they would consider a visit if they knew they could count on timely entry processing.

That means we must provide the appropriate resources to properly manage the entry process. We support the FY2014 DHS budget which calls for new appropriations to fund 1600 new CBP officers and the proposal in the Senate immigration bill, to add 3,500 new CBP officers across America's land, air and sea ports. The hiring of thousands of CBP officers for gateway airports will help to meet this 30-minute standard and drive tens of billions of dollars in new visitor spending.

Domestic travelers face some of the same travel-related frustrations, starting with the aviation security system. Many of the problems in this area stem from a refusal to accept any risk in the system. In the past, continual layers of security were added to address almost every conceivable threat. Even worse, few efforts were made to scale back, eliminate or tailor these layers for fear of being perceived as "weak" on security. As a result, travelers were stuck with an inefficient, on-size-fits-all screening process that hurt our economy and burdened American taxpayers.

U.S. Travel believes these trends can only be reversed by using a risk-based approach with three critical elements. First, TSA and Congress must clearly identify the types of threats TSA is responsible for preventing. Second, relying on the latest intelligence, TSA must apply its limited resources to the highest priority threats. And third, TSA should always strive to provide the greatest level of efficiency in passenger screening, while maintaining security.

With support from Congress and the private sector, TSA is now using a more risk-based approach. Specifically, U.S. Travel applauds TSA for creating and rapidly expanding PreCheck. This program increases security and efficiency and could eventually also reduce budget costs.

For PreCheck to reach its full potential, three operational aspects must be improved. First, there are far too many barriers preventing a large number of ordinary travelers from joining and using PreCheck. Second, PreCheck can be too unpredictable and it is inconsistent across airlines. Limited enrollment and unpredictability lead to low utilization rates. The number of passengers screened through PreCheck remains small compared to the overall flying public. More people must be part of the program for it to be a true risk-based solution to aviation security.

To achieve this objective, we recommend that: TSA partner with the private sector to create more accessible and secure enrollment options; TSA and DHS allow travelers to qualify by aggregating frequent flyer miles across multiple airlines; and TSA focus on better line management and the use of biometric credentialing and more in-depth background checks.

While the focus of today's hearing and our testimony is tourism, I would like to add a few words about two related priorities.

First, while "travel" frequently connotes tourism, as in the reference to vacations in the description of today's hearing, travel is about much more than fun in the sun. Business travel accounts for nearly

a third of all travel spending. In 2012, domestic business travel generated an estimated $225 billion in direct spending -- roughly five percent higher than the previous year and above the all-time high reached in 2007. Business travel directly created nearly two million American jobs. Totaling the deals done, products sold and opportunities created at industry conferences and trade shows that also employed scores of hospitality workers, the total number of jobs supported was 3.7 million.

I'm pleased to bring to your attention an Oxford Economics study released today, *The Role of Business Travel in the U.S. Economic Recovery.* The study shows that every dollar invested in business travel generates an average $9.50 in increased revenue and $2.90 in new profits. Moreover, the study found that companies that invested the most in business travel during the recession have grown faster than those that cut back on travel. Data from 2007-2011 for 61 industries shows sectors that spent the most on business travel throughout the recession posted higher profit growth.

The report included a survey of American business travelers who support these same findings:

- Majority (60%) found that virtual meetings are less effective for meetings with prospects than in-person meetings;
- Business travelers reported that they are twice as likely to convert prospects into customers with an in-person meeting than without one;
- Nearly three-in four (74%) reported that in-person meetings with clients deliver a high impact on customer retention; and
- More than two-in-five (42%) executives stated that they would lose their customers without face-to-face meetings.

In this context, I also wish to address the specific question of travel by federal employees. A key reason business travel is a strong economic driver is that face-to-face interaction leads to greater productivity, a fact that Members of Congress know well. Tela-townhalls are not as effective as personal meetings with constituents, and traveling to Washington to work directly with congressional colleagues can't be replaced by a "virtual" Congress. To do their work, other federal employees also need to attend occasional meetings and conferences. When conducted responsibly, federal travel yields important returns on investment – from safety inspections to disaster relief assistance to professional training. In 2011, government travel also supported more than 290,000 American jobs.

We agree there is no place for waste or excess in government conferences or meetings. And we support strict compliance with best-practice guidelines established by the Office of Management and Budget, together with individual agencies. But we also know the dangers of across-the-board reductions that don't distinguish meritorious travel that achieves important public missions – and urge you to keep that distinction in mind as these issues arise.

Again, thank you Chairman Terry, Ranking Member Schakowsky and all members of the subcommittee for inviting me to testify today. I look forward to answering your questions.

Mr. TERRY. At this time, we now recognize Ms. Matthews.

STATEMENT OF KATHLEEN MATTHEWS

Ms. MATTHEWS. Chairman Terry, Congresswoman Schakowsky, members of the subcommittee, thanks very much for this opportunity to speak on behalf of my company, Marriott International, and also our industry.

Marriott, as you may know, is a global hotel chain of 3,800 hotels, 3,200 of which are here in the United States, where we got our start as a company 85 years ago. We operate in all 50 States, including many of your districts, and I hope we have had a chance to host you at one of our hotels over the years.

Our company, I think, is a really good example of the American dream. We started in 1927 as a nine-seat root beer stand not far from here on 14th Street NW. This was the dream of our founders, a young couple, J. Willard Marriott and his wife, Alice Marriott. They traveled from Utah across the country in a Model T Ford. That root beer stand became a chain of restaurants known as the Hot Shoppes. And 30 years after they had begun, they opened up their first Marriott hotel, also here, just across the river on 14th Street—across the 14th Street Bridge in northern Virginia. That was the first Marriott hotel. And it was right near what was called Hoover Field, which is now Reagan International Airport.

Today, we employ 325,000 people at our managed and franchise hotels. These are across 14 different brands that range from Ritz-Carlton at the top end all the way down to Fairfield Inn at the budget category but include Renaissance, Courtyards, and Marriotts.

We are proud to be part of the economic growth that Roger Dow has just talked about, especially during this economic downturn that we have just been coming out of. And as a company, beyond our profits, we also have a company purpose, and that is to open doors to a world of opportunity. Our number-one core value as a company is to put people first. That not only means taking care of our guests, but it also means taking care of all of those employees that wear the Marriott name tag.

So my hope today is to provide some information to the subcommittee that will help you further consider and support Federal policies that will help us as a company and as an industry to open more doors to that world of opportunity we all aspire to.

As the chairman referenced, every time we open up a new hotel, we generate hundreds of construction jobs, and we can generate in a large hotel as many as 1,000 permanent jobs. This is also contributing millions of dollars in tax revenues into government.

And our hotels become a focal point for so many things in the community—community events, meetings. And they also spark additional development. So a hotel going into a place like Times Square can transform Times Square into a place that brings tourists back again and again.

And just as a local example, several blocks from here, we have construction cranes right near the D.C. Convention Center on 9th Street. This will be the site of the new Marriott Marquis, which is going to have 1,100 rooms, will spark tourism to our Nation's cap-

ital, and will have thousands of jobs associated with that new hotel.

Beyond the immediate jobs, we always like to talk about the ripple effect or the multiplier effect in our industry because the opportunities we provide boost disposable income that is reinvested into the local economy. This is the disposable income created by salaries but also by our supply chain as a company.

And partnering with global researchers right now, we are mapping that ripple or multiplier effect—specifically, what any new hotel in any one of your districts would mean to the local community and the local economy, from our suppliers, our vendors, and all the people that we do business with. We are just in the beginning stages of this research. We are really excited when it is completed to be able to share it with you, as we are sharing it with governments all over the world, because this kind of a thing is happening everywhere around the world where we are building hotels and where travel and tourism is really growing.

But just kind of bottom line, we know that for every full-service hotel, like a Marriott, we send millions of dollars of buying power back into local communities through the salaries and supply chain. And, as you said, Mr. Chairman, for every five full-time full-service hotel rooms that went add to the system, that creates three jobs. So, five hotel rooms, three new jobs to the economy.

And we also like to stress that these are not low-wage, low-opportunity jobs. Our jobs are a gateway to the middle class for many people, particularly for individuals who may have not had training, because they get the training at our hotels. We cross-train. We promote, where possible. We provide benefits for our employees. And at Marriott 90 percent of our workforce is full-time, even though the perception may be that these are part-time jobs.

And our industry, I think, is unique in this respect because a housekeeper can become the general manager of a hotel. A lifeguard can become the head of a major travel association. Roger Dow, to my right, started as a lifeguard at our Saddle Brook, New Jersey, hotel. It was our sixth hotel in the Marriott system. When he joined that hotel, he was told maybe Marriott will grow to 100 hotels. Now we are at 3,800 hotels in his lifetime. So this shows that incredible multiplier effect.

And, of course, as people join the middle class, they suddenly become travelers themselves, so you see this virtuous cycle continuing again and again. And that is why in 2012 we hit that amazing milestone, which was 1 billion international trips made in the world. These were not 1 billion individual travelers but 1 billion individual trips of people outside their home country, many of them coming here to the United States.

So, as a company, we want more people to see the world, and this is a campaign we would love to have you join us as part of. Because if we want to get to 2 billion trips, there are a number of things that we want to do. I know my time is getting short, so just to reiterate what Roger Dow had talked about, we want to make sure that when people make that trip, that they go to Orlando or to Branson and not just to Paris, which is what the trend has been.

So we see other countries getting very competitive on this front. There is a lot of competition, as you talked about, Mr. Chairman.

And so the number of things you could do would be to support Brand USA. Marriott is very involved with that. Our chairman is actually on the Brand USA board. Reauthorizing and making permanent reauthorization for Brand USA is a critical component for us to be competitive.

We also want to make sure that we continue to support the President's travel/tourism strategy with things like the JOLT Act. And that is another way that you really can support our industry.

So thanks very much for your commitment to this. We heard it in all of your remarks. And we look forward to helping you in this campaign to get more people to see America. Thank you.

Mr. TERRY. Thank you very much.

[The prepared statement of Ms. Matthews follows:]



Testimony of
Kathleen Matthews
Executive Vice President and Chief Global Communications and Public Affairs Officer
Marriott International, Inc.
Bethesda, Maryland

Before the
United States House of Representatives
Energy and Commerce Committee
Subcommittee on Commerce, Manufacturing and Trade

Vacation Nation: How Tourism Benefits our Economy

May 7, 2013

Chairman Terry, Ranking Member Schakowsky and Members of the Subcommittee:

I am Kathleen Matthews, Executive Vice President and Chief Global Communications and Public Affairs Officer at Marriott International. Thank you for the opportunity to testify today on behalf of our company. I'm pleased to discuss the economic benefits and opportunities created by the travel and tourism industry, which has been a leading driver of our country's economic recovery.

Marriott is proud to be part of that growth. Last year, Marriott celebrated its 85th anniversary. Our company has humble roots that run deep here in the District of Columbia. In 1927, J.W. and Alice Marriott opened a nine-seat root beer stand on 14th Street Northwest after moving to Washington from Utah. Thirty years later, after growing that small operation into the Hot Shoppes restaurant chain, they opened their first hotel near Hoover Field, now Reagan National Airport, just across the 14th Street Bridge.

Over the last 56 years, our business has evolved into one of the world's leading hospitality companies. Our system now includes over 3800 hotels worldwide, employing 325,000 people, and operating under 14 brands, including the Ritz-Carlton, Renaissance, Courtyard and iconic Marriott lines. We operate in all 50 states, and I suspect in each of your respective districts, as well as 74 other countries and territories around the globe.

Our corporate mission is to "Open Doors to a World of Opportunity." That mantra applies to our guests and employees with equal force. We invest in our people accordingly, recognizing that Marriott's associates are integral to our efforts to provide quality service to customers and value to our owners and shareholders.

Marriott is proud to be doing its part to put Americans back to work, and my hope today is to encourage this Subcommittee to further consider and promote federal policies that will enable us to continue providing meaningful economic opportunities to an ever-growing workforce.

Opening Doors to a World of Opportunity

Every time we open a hotel, the economic benefits are tremendous. A full-service hotel opening generates hundreds of initial construction jobs and sometimes upward of 1000 permanent positions. It will generate millions of dollars in annual tax revenues, and frequently becomes a focal point for community events, meetings and additional development.

As an example, look no further than the construction site of our new 1100-room Marriott Marquis next to the Washington Convention Center on 9th Street Northwest. Those construction cranes mean jobs – and we want to put more of them up all across the country.

Marriott is partnering with global researchers to map our 'ripple effect'— specifically analyzing what a hotel opening means for the associates we employ, their families, our suppliers, vendors, and the broader community. We're in the beginning stages of that partnership and

will be sure to share the results with you. For now, we know from our own calculations that for every five full-service hotel rooms we add to our system, we create roughly three U.S. jobs.

I want to stress that these are not low-wage, low-opportunity jobs. Our jobs are a gateway to the middle class, particularly for individuals who may not have had access to higher education or skills training.

At Marriott, we cross-train and promote from within whenever possible, strive to provide the best benefits packages available, and employ a workforce that is over 90% full-time. We were founded on the principle that taking care of your people ensures they will take care of your guests. Our industry is unique — the housekeeper can become the General Manager. A waiter can become our Chief Operating Officer, and a lifeguard can become the CEO of the U.S. Travel Association.

Over half of our general managers – who run multi-million dollar annual operations – rose to their positions from the ranks of hourly employees. Our general managers' resulting loyalty is evidenced by the fact that they have worked for Marriott for an average of 24 years, whereas our competitors' have an average of four years of service.

We have developed an award winning English-language training program ("Sed de Saber") and are currently exploring partnerships with non-profits to develop a citizenship and naturalization assistance program for our substantial number of immigrant employees. Our "World of Opportunity" initiative is also helping young people from disadvantaged backgrounds reach their full potential by providing life and vocational skills.

Accolades for our human resource policies come from a range of sources that reflect the awe-inspiring diversity of our associates. We have been ranked as one of *Working Mother* magazine's 100 Best Companies for over 20 years. *Latina Style* has ranked us as one of its top companies for Latinas for fifteen straight years. *Black Enterprise* has continued to recognize Marriott as one of its 40 Best Companies for Diversity. We have received top honors from the Human Rights Campaign for our provision of complete benefit packages to our LGBT employees. The National Association for Female Executives has ranked us high on its list of the Top 50 Companies for Women in 2013, which recognizes organizations whose policies promote the advancement of women.

In short, Marriott offers solid employment opportunities to a broad swath of the U.S. workforce, and we have helped thousands climb the economic ladder by providing meaningful career paths. As more families enter the middle class, they have the means to travel themselves, and the ripple effect continues.

To help us provide more of these quality opportunities, there are several specific policy measures you can support to promote and facilitate travel. In many ways, government policy can help or hinder the ability of people to get to our hotels. We are on a campaign to help people "See the World," and we need your support for that mission.

Travel is Trade

Foreign dollars spent in the United States on travel services constitute exports. In fact, the commercial activity generated by travel constitutes our country's top service export. Travel is indeed trade, with its attendant economic, diplomatic and social benefits.

When considering how to harness a greater share of the economic potential of increased travel, I encourage you to think globally. Emerging middle classes in Asia and Latin America, for example, have a massive pent up demand for travel, particularly to the U.S. Bringing these new travelers to the United States—Marriott's largest market with nearly 3200 hotels—and ensuring they have a positive experience, must be our shared goal and responsibility.

Other countries have caught onto the economic opportunity presented by increased visitation by international travelers, and they are aggressively marketing themselves and improving their visa and entry processes to capture that travel spending. Regional agreements have emerged to attract travelers to certain regions. The ASEAN nations have created a regional visa allowing travel between countries on one visa. Twenty-two European Union member states are part of the Schengen Area and have a uniform visa policy.

This is the competition — they are organizing, using technology, and bringing down barriers to travel. We need to do the same and more.

Promoting America: Investing in Brand USA

First, we need to continually promote ourselves as a travel destination. The U.S. will need to be much more aggressive when it comes to strategic marketing to maintain and grow its market share as the pool of global travelers continues to expand. Foreign nations have long had organized, coordinated marketing campaigns in place to do just that – and our failure to do so led, in part, to the stagnation of our market share of global travelers in the decade following 2001.

This situation began to change in 2010 with passage of the Travel Promotion Act and the establishment of Brand USA. This is the public-private partnership that launched in earnest last year and is charged with promoting the U.S. as a travel destination in overseas markets.[1] We believe Brand USA is a key part of luring more international travelers to this country and greatly augments parallel state, regional and corporate marketing efforts.

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[1] *See* K. Sullivan, *With Brand USA, a campaign to lure back foreign tourists – and their money*, WASHINGTON POST, March 9, 2013 (*available at* http://www.washingtonpost.com/business/with-brand-usa-a-campaign-to-lure-foreign-tourists--and-their-money/2013/03/08/653bcd82-619c-11e2-a389-ee565c81c565_story.html); *see also* U.S. Reps. Sam Farr and Jo Bonner, *Promote U.S. travel, stimulate the economy*, POLITICO, April 16, 2013 (op-ed; *available at* http://www.politico.com/story/2013/04/promote-us-travel-stimulate-the-economy-90160.html?hp=l8).

Our corporate commitment to Brand USA reflects that, and Marriott has provided the agency with financial, in-kind and logistical support. Arne Sorenson, Marriott's President and CEO, is now on Brand USA's Board of Directors. We are pleased that nearly 300 other private organizations joined us to contribute a total of $60 million to Brand USA in one year, qualifying the agency for matching funds approved by the Department of Commerce and generated by entry fees paid by foreign visitors – not American taxpayers.

We are excited that Brand USA will be running campaigns in nine markets, including China and Brazil, by the end of 2013. We are already starting to see great return on this investment in the form of increased foreign visitors.

I urge the members of the Subcommittee to learn more about Brand USA's efforts, which may well include marketing campaigns and materials featuring your districts. The agency has done a wonderful job fulfilling its statutory duty to promote rural destinations and national parks. We would appreciate your continued support for Brand USA, which includes protecting its designated fee-based revenue stream.

Facilitating Mobility: Infrastructure and Government Travel Services

After promoting travel to this country, we have to think about facilitating the entry of those travelers at our ports and borders, and about their mobility. The President's National Travel and Tourism Strategy laid out a goal of attracting 100 million visitors to the U.S. by 2021 – an increase of approximately 40 million visitors over 2012 levels – and we've seen great cross-agency collaboration to achieve his goal. At the same time, we celebrated a milestone in 2012 in that 1 billion people traveled outside their home country, which would indicate we can exceed that 100 million figure with some strategic planning.

The Administration has made tremendous progress, particularly in improving visa processing in China and Brazil. We used to have a situation where prospective visitors from those countries would wait over six months to be interviewed for a tourist visa. Fortunately, these wait times have been brought under one week. All along, the Europeans were issuing visas in under 10 days. We are finally getting in the game.

For Marriott, we believe the State Department's efforts to improve visa processing in Brazil and China have led to noticeable gains in business from inbound visitors from those countries. In 2012, domestic room night stays by Chinese visitors in our hotels were up an incredible 19% over 2011 levels; stays by Brazilian visitors were up a modest but significant 3% year-over-year.

We also look forward to working with members of the Subcommittee on the bipartisan Jobs Originated through Launching Travel Act (H.R. 1354), or the JOLT Act for short. This measure has a growing roster of bipartisan cosponsors – nearly 40 at the moment with a roughly equal party split among cosponsors. We hope you will join that roster. The JOLT Act would modernize the process for entrance into the Visa Waiver Program, set targets for visa

processing, and create a premium processing category for visa services, among other things. All provisions are geared toward facilitating more travelers to the U.S., thereby increasing domestic economic activity and demand for travel industry services.

Congress has a key role to play in enacting legislation like the JOLT Act to ensure our visa and entry policies are smart and the services government agencies provide in the travel process are not inhibiting our ability to welcome increasing numbers of global travelers. On the Senate side, the JOLT Act has been incorporated in their draft comprehensive immigration reform legislation. Whether freestanding or as part of a larger immigration package, we need to see JOLT passed this year. We are leaving rapid, surefire growth for our company, industry and the larger economy on the table by failing to get this done.

As we continue to welcome more global travelers, we will be increasing the pressure on our entry systems, including infrastructure at our land, air and seaports. I second the comments of my colleague from the U.S. Travel Association, Roger Dow, on these points. We cannot be shortsighted about investing in the future when it comes to infrastructure and staffing levels at federal agencies that oversee our transportation systems.

Finally, thinking of the critical domestic travel market, as we saw a few weeks ago, government travel services provided by TSA, CBP, and the FAA all play an important role in the mobility of people. Hiccups in the system—no matter the cause—have a real impact that should be considered and minimized. We thank the members of the Subcommittee who supported restoring order at the FAA before recess, and encourage you to continue working toward solutions that minimize the impacts of sequestration at other travel-connected agencies.

Conclusion

Our business has seen dramatic recovery in the past few years. In the first quarter of 2013, we exceeded peak 2007 levels for fee revenue. As our business grows, we're looking forward to hiring more workers. The services that Marriott and its outstanding employees provide cannot be automated or outsourced.

We are proud of the 'virtuous cycle' that comes from our growth, and look forward to working with Congress to promote policies that support the industry and our economic ripple effect. Thank you for allowing me to speak today and I look forward to your questions.

Mr. TERRY. Mr. Rothery, you are now recognized.

STATEMENT OF BRIAN D. ROTHERY

Mr. ROTHERY. Thank you.

Good morning, Chairman Terry and Ranking Member Schakowsky and members of the Subcommittee on Commerce, Manufacturing, and Trade. My name is Brian Rothery, and I am the assistant vice president of government and public affairs for Enterprise Holdings, which operates the Enterprise, Alamo, and National Car Rental brands.

Chairman Terry, thank you for holding this hearing on the impact of tourism to our economy. The rental car industry plays a vital role in the tourism industry, helping people get from point A to point B, whether they are conducting meetings, visiting family, or taking vacations, and particularly those international visitors that Roger mentioned that spend more and stay longer—very important.

But first I would like to point out the special meaning of the name "Enterprise." Enterprise Holdings' founder, Jack Taylor, served as a decorated pilot in World War II while stationed aboard the USS Enterprise. After the war, Jack began with seven cars and one employee, what we now know as Enterprise Holdings. More than 56 years later, our privately held and still Taylor-family-owned company accounts for $15.4 billion in revenue and operated 1.3 million vehicles at 8,200 locations throughout the world. That was all in 2012.

So a bit about the rental car industry generally speaking. There are more than 18,000 car rental branches in the United States, operating a fleet of 1.9 vehicles, producing an approximate revenue of $24 billion.

The simplest way to look at our industry is to divide the nearly $24 billion industry into two equal parts: Approximately $12 billion generate at the airport; the other $12 billion coming from the neighborhood locations throughout the communities that you represent. The revenue parity between the airport and the neighborhood market continues to surprise many, despite the fact that these two markets have been roughly of the same size since Auto Rental News first reported that fact in 2006.

The industry groups its transactions into three categories: corporate, replacement, and leisure. So the $12 billion neighborhood market is approximately 40 percent replacement, 40 percent leisure, and 20 percent corporate—I will explain this in a moment—while the $12 billion airport market is approximately 60 percent leisure and 40 percent corporate.

So let's take a closer look. The neighborhood corporate rental accounts for $2 billion in annual revenue. Examples include an architect renting a car to make a 150-mile roundtrip to go visit a job site or a State employee making a 200-mile roundtrip to visit the State capital for a meeting in lieu of driving their personal vehicle.

It is also important to note the important role the neighborhood corporate market plays following natural disasters. The extensive network of locations throughout your districts and across the country are able to put utility companies, government agencies, insur-

ance adjustors, and catastrophe teams on the road to help stimulate and get recovery under way as soon as possible.

Neighborhood replacement accounts for $5 billion in annual revenue, consisting of rentals to consumers who need to rent a car due to the theft or repair of their own car. Many of these rentals are paid for by insurance companies as part of the claims process or are provided as a courtesy of an auto manufacturer while a vehicle undergoes warranty repair.

Neighborhood leisure accounts for $5 billion in annual revenue. Examples include a larger vehicle to take a family vacation, a cargo van to take a child to college, a luxury car for a special occasion such as a wedding, or even a pickup truck to facilitate a weekend project in the yard.

Some are surprised to learn the car rental industry caters to the needs of many who do not own vehicles. For many urban dwellers, it isn't practical to own a car, and some renters simply can't afford car ownership. Whatever the reason, these customers rent when public transportation can't meet their needs.

Airport corporate rental accounts for $5 billion, which serves the needs of those deplaning passengers needing a car on government or business travel.

And, finally, last but certainly not least, airport leisure accounts for $7 billion in revenue, which is the largest single revenue category, and it is also the most fun, because most of those folks are going on vacation.

So a bit about employment in the car rental industry, picking up along what Kathleen just mentioned. The most recent data shows the car rental industry supported close to 124,000 jobs in the U.S., generating payroll of more than $4.6 billion. Like many of these jobs throughout the travel industry, even entry-level positions in the car rental industry are often more of a career than just a job. In the case of Enterprise Holdings, nearly every member of our senior leadership team all began their career with Enterprise Holdings, just as I did 16 years ago, as an entry-level management trainee. We learned the business from the ground up. That is just the way we do it.

So now a bit about the car rental industry and its connectivity to the American automotive industry. In 2010, U.S. car rental companies purchased about 1 million vehicles from the big three—about 16 percent of the output. Because rental car companies purchase so many cars, the rental car industry provides predictability for the auto manufacturers confronting complex and costly scheduling and utilization concerns.

In order to sell used cars back into the consumer markets, rental car companies and manufacturers use a variety of channels, including auto auctions, auto dealerships, and some direct retail operations. Auto dealerships rely on the steady influx of reasonably priced, well-maintained, used rental vehicles that are, on average, 1 year old with relatively low mileage. Moreover, car rental companies purchase a diverse mix of models, providing excellent exposure for new car introductions. And as consumer studies reveal, consumers are more likely to buy a vehicle after renting it. We play a role in introducing consumers to new technology, including green technology, hybrid vehicles and so forth.

And I want to mention one thing as I am getting a note from the chair to wrap things up. We are here to present positive information about our industry, and it is largely positive. I would be remiss if I didn't mention the one thing that continues to be an impediment to our success.

Unfortunately, many State and local lawmakers continue to believe car rental taxes are a convenient way to export tax burdens to nonvoters. It is a modern-day version of taxation without representation. Senator Russell Long may have said it best: "Don't tax you. Don't tax me. Tax that fellow behind the tree." Today, car rental customers are that fellow behind that tree.

The problem of excessive taxation of car rental customers, left unchecked, can and will harm our industry. And I encourage this Congress to explore ways to address the problem, the same way it did for trains, airlines, and buses in previous Congresses.

So as the U.S. continues to emerge from the recession, it is essential that Americans continue to travel and rent cars, it is essential that car rental companies and the entire travel industry preserve these meaningful jobs.

And I want to wrap up my remarks, and I would be happy to answer any questions.

Mr. TERRY. Thank you.

Mr. ROTHERY. Thank you.

[The prepared statement of Mr. Rothery follows:]

Testimony of

Brian D. Rothery

On Behalf of

Enterprise Holdings, Inc.

Before the
U.S. House of Representatives
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade

On
"Vacation Nation: How Tourism Benefits Our Economy"

May 7, 2013

2125 Rayburn House Office Building
Washington, D.C.

Good morning, Chairman Terry and Ranking Member Schakowsky, and members of the Subcommittee on Commerce, Manufacturing, and Trade.

My name is Brian Rothery, and I am the Assistant Vice President of Government & Public Affairs for Enterprise Holdings, Inc. ("Enterprise Holdings"), which operates the Enterprise, Alamo and National car rental brands.

Chairman Terry, thank you for holding this hearing on the impact of tourism to our economy. I am honored to have the opportunity to describe the important role the rental car industry plays in the tourism industry, and our corresponding contribution to the broader economy.

The name "Enterprise"

Enterprise Holdings has a rich and distinctive heritage. It's a truly remarkable story of how entrepreneurship, hard work and a big dream can turn a tiny start-up into a world-class company.

The story begins with our founder, Jack Taylor. Born in our company's home town of St. Louis in 1922, Jack heeded his country's call after the attack on Pearl Harbor drew the United States into World War II. In 1942, he enlisted and served as a decorated WWII Hellcat pilot in the skies over the South Pacific.

Then, like so many others of the "Greatest Generation," Jack returned home to raise his family and start a business. Lessons learned in the Navy – including the values of integrity, hard work, team spirit and simply doing the right thing – helped shape his personality. They also made their mark on the company he founded in 1957, and that his family owns to this day.

In a tiny lower-level office in a St. Louis Cadillac dealership, he started out with a fleet of seven cars, one employee and a commitment to provide a uniquely personal brand of customer service.

Jack developed a simple but enduring business philosophy that still guides our efforts as the largest rental car operation in the world: "*Take care of your* customers *and your* employees *first, and the profits will follow*." As his company grew, the Navy veteran expanded operations into new markets and named the company after an aircraft carrier on which he had served, the World War II USS Enterprise.

About Enterprise Holdings, Inc.

Today, more than 56 years after it all began, Enterprise Holdings and its affiliate Enterprise Fleet Management together offer a total transportation solution. Combined, these businesses – which include extensive car rental and car sharing services, commercial truck rental, corporate fleet management, and retail car sales – accounted for $15.4 billion in revenue and operated 1.3 million vehicles throughout the world in fiscal year 2012. Enterprise Holdings, through its regional subsidiaries, operates the largest fleet of vehicles in the world through a global network of more than 8,200 airport and neighborhood locations under the Enterprise Rent-A-Car, National Car Rental, and Alamo Rent A Car brands. Its affiliate, Enterprise Fleet Management, provides full-service fleet management to companies and organizations with small- to medium-sized fleets. Other transportation services marketed under the Enterprise brand name include Enterprise CarShare, Enterprise Rideshare, Enterprise Car Sales, and Enterprise Commercial Trucks.

Enterprise Holdings is the largest car rental company in the world as measured by revenue, fleet, and employees. Enterprise Holdings' annual revenues also place it near the top of the travel industry, exceeding all other rental car companies, and most airlines, cruise lines, hotels, tour operators and online travel agencies.

Car Rental Industry

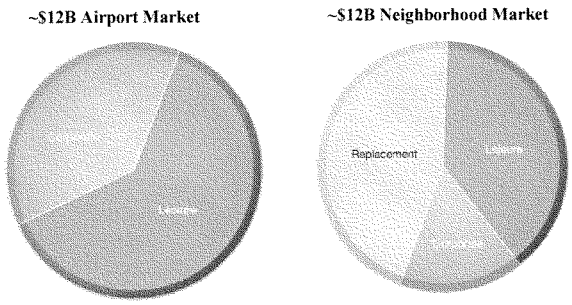
According to Auto Rental News[1] there are 18,293 car rental locations in the U.S. operating a combined average fleet of 1,857,264 to produce total revenue in 2012 of $23.628 Billion.

According to best estimates, the nearly $24 Billion US car rental market can be neatly divided into two equal parts: with approximately half of the revenue (~$12B) being earned at locations servicing deplaning passengers at airports ("airport market"), while the other half (~$12B) of the revenue is earned at neighborhood locations servicing customers for needs unrelated to an air voyage ("neighborhood market").

Despite the fact that the neighborhood market not only equals - but in fact has fact surpassed in some years– the airport market in revenue, the relative parity between the airport and the neighborhood market continues to surprise many. There still seems to exist a popular misconception that most car rentals occur at airports, and that most car rental customers are business travelers.

[1] 2012 U.S. Car Rental Market Fact Book 2013 attached as Exhibit A

US Car Rental Market: Revenue



Source: EHI estimates

In addition to dividing the car rental market by location of rental (airport v. neighborhood), it is also helpful to view the car rental industry by transaction type. The industry commonly groups transactions into three categories: **corporate**, **replacement**, and **leisure**. Corporate rentals meet a transportation need necessitated by a job-related function. Replacement rentals meet a transportation need created by the loss of use of one's primary vehicle due to repair or theft. And leisure rentals are simply those rentals that don't fit into either of the above categories described in more detail below.

Neighborhood Corporate ~$2 Billion Annual Revenue

The neighborhood corporate segment consists of rentals to a wide variety of business, non-profit, and governmental entities to provide transportation to meet a need created by an essential job function. Examples could include: an architect renting a vehicle for a day to make the 150 mile round trip to visit a job site; a florist renting a cargo van for a day to meet a spike in demand around Valentines Day; or a state employee renting a vehicle to

make the 100 mile round trip to the Capitol for a meeting in lieu of driving a personal vehicle and seeking reimbursement – which at the 2013 IRS rate of 56.5 cents per mile is often is more costly than renting a car for 24 hours.

The rental industry also services contracts awarded by the Army, Air Force, Navy and Marines Exchange Commands to operate locations within the walls of a military installation to meet the needs of our armed forces and their families.

Worth special note is that the extensive Enterprise Rent-A-Car neighborhood network has become an integral part of many cities' and towns' local transportation infrastructure, particularly when natural disasters like Hurricane Sandy hit. With more than 5,500 branch offices located within 15 miles of 90% the US population, Enterprise is well-positioned to put utility companies, federal, state and local government agencies, insurance adjusters and catastrophe teams on the road so they can get the recovery and restoration process under way as soon as possible.

Neighborhood Replacement ~5 Billion Annual Revenue

The neighborhood replacement segment consists of rentals to consumers who need to rent a car due to theft or repair of a primary vehicle. Many of these rentals are paid for or reimbursed by an insurance company as part of the claims process, or are provided as a courtesy of an auto manufacturer while a vehicle undergoes warranty repair.

Neighborhood Leisure ~ $5 Billion Annual Revenue

The neighborhood leisure segment encompasses a wide range of rentals, examples include: a larger vehicle to take a family vacation; a cargo van to take a child to college; a luxury car for a special occasion such as a wedding; or even a pickup truck to facilitate a weekend project in the yard. Some are surprised to learn the car rental industry caters to

the needs of many individuals who do not own vehicles. For many urban dwellers it isn't practical to own a vehicle. Still, some renters simply can't afford to own a car, and rent only when public transportation can't meet their transportation needs. The network of neighborhood car rental locations throughout the United States plays an important role in meeting the transportation needs of a community.

Airport Corporate Rental ~ $5 Billion Annual Revenue

The airport corporate segment serves the needs of those deplaning passengers needing a vehicle while on government or business related travel.

Airport Leisure Rental ~$7Billion Annual Revenue

The airport leisure segment serves deplaning passengers needing a vehicle for all other reasons, most notably, vacation.

Employment in the Car Rental Industry

According to data compiled by the U.S. Travel Association, the car rental industry supported 123,970 U.S. jobs in 2010, generating payroll of $4.613 Billion. Like many jobs throughout the travel industry, even entry level positions in the car rental industry are often more of a career than just a job. In the case of Enterprise Holdings, we have a very strong promote from within culture. In fact, our Chairman and Chief Executive Officer, Vice Chairmen, President and Chief Operating Officer, Executive Vice President, and nearly every member of our senior leadership team all began their career with Enterprise Holdings just as I did 16 years ago as an entry level Management Trainee. Our leadership positions are occupied by employees who learned the car rental business from the ground up. This is one of the reasons why Enterprise Holdings is ranked by *BusinessWeek* as one of the "50 Best Places to Launch a Career" year-over-

year, and are consistently named Top College Recruiter by *The Black Collegian* magazine.

In 2012, Enterprise Holdings hired more than 1,500 veterans and reservists. Nearly 6,000 of the approximately 63,000 U.S.-based Enterprise Holdings employees are military veterans or reservists – almost 10%. We are also honored to have received prestigious "Secretary of Defense Employer Support of Freedom Award" for support of employees in military service.

Car Rental Industry and the American Automotive Industry

Parts manufacturers, auto dealerships, automobile credit lending institutions, and used car sales – all have close relationships with the American automotive industry. The US rental car industry is another key constituent of the automotive industry, and its size and success is essential to the ongoing health of US carmakers.

In 2010, US car rental companies purchased about 1 million vehicles from Detroit's "Big Three" – about 16 percent of the automakers' output. Because rental car companies regularly order and purchase so many cars, the rental car industry provides a basic level of certainty and predictability for automakers confronting complex and costly plant scheduling and utilization concerns.

In order to sell used cars back into consumer markets, rental car companies and manufacturers use many channels, including auto auctions, auto dealerships, and some direct retail operations. For example, Enterprise Holdings sells roughly 70 percent of its used vehicles to auto dealerships for their retail used operations, 20 percent through auto auctions, and 10 percent at our Enterprise Car Sales division with more than 130 locations nationwide.

Auto dealerships rely on this steady influx of reasonably priced, well-maintained used rental vehicles that are, on average, one year old with relatively low mileage levels. Moreover, car rental companies purchase a diverse mix of models, providing excellent exposure for new car introductions. And as consumer studies reveal, consumers are more likely to buy a vehicle after renting it.

Embracing New Technologies

Auto manufacturers, scientists, national leaders and consumers are all seeking better alternatives to gas-powered automobiles. Environmental and economic concerns, the finite nature of fossil fuels, and the need to reduce this country's dependency on foreign oil are all factors driving this transition. As a company that owns and operates the world's largest fleet of passenger vehicles, Enterprise Holdings has a unique perspective and a vested interest in identifying solutions going forward. We stand at the ready and look forward to playing a role in introducing Americans to the new technologies that will power our automobiles.

Taxation without Representation – A growing problem

Unfortunately, many state and local lawmakers believe car rental taxes are a convenient way to export a tax burden for a particular project to non-voters. To some extent this is true; but keep in mind that nearly all of the neighborhood car rental segment services customers renting in their home town, and also keep in mind that the neighborhood market is just as large – if not larger – than the airport market. Nonetheless, here are some actual quotes from public officials describing car rental excise taxes:

"It has the obvious attraction, in that it [the tax] essentially attacks those people out of state," - Florida state representative.

"If you can tax a visitor instead of one of your own, then we should look at it," - County Judge candidate in Texas.

"Out-of-town guests are great taxpayers", - Washington, DC City Councilman.

This is a modern day version of "Taxation without Representation." Senator Russell Long may have stated it best: "Don't tax you, don't tax me, tax that fellow behind the tree." Rental consumers are that fellow behind the tree.

To my knowledge, there has never been any evidence set forth by proponents of car rental taxes demonstrating the link between a car rental tax and the purpose of the tax. The most prevalent use of these taxes has been for the building of multi-million dollar professional sports stadiums. Car rental customers are often saddled with extra taxes so that team owners can supplant their costs. To add insult to injury, the renter of lesser means may not even be able to afford a seat to a game held in the stadium that he/she is subsidizing. According to a study conducted by The Brattle Group in 2010[2], , 19% of all car rental excise taxes are paid by working families earning less than $50,000 per year. And 7% of all car rental taxes are paid by households earning less than$25,000 per year - right near the poverty level.

[2] ***Effects of Discriminatory Excise Taxes on Car Rentals:*** *Unintentional Impacts on Minorities, Low Income Households, and Auto Purchases,* Dr. Kevin Neels - The Brattle Group attached as Exhibit B

The problem of excessive taxation of car rental customers, left unchecked has the potential to significantly harm our industry, and I encourage this Congress to explore ways to address this problem that has become a plague to a vital segment of the broader economy.

Conclusion

As the US continues to emerge from the recession, it is essential that Americans continue to travel and rent cars. It is essential that rental car companies and the entire travel industry continues to create and preserve meaningful jobs and careers. And it is essential that the rental car industry continues to buy new cars from the auto industry which was hit so hard by the recession, so that American auto workers can continue to build the world's best cars and earn middle class incomes.

Thank you Chairman Terry, Ranking Member Schakowsky and all members of the Subcommittee on Commerce, Manufacturing, and Trade for inviting me to testify. I look forward to answering any questions you may have.

2012 U.S. CAR RENTAL MARKET
FLEET, LOCATIONS AND REVENUE

COMPANY	U.S. CARS IN SERVICE (AVG.) 2012	# U.S. LOCATIONS	2012 U.S. REVENUE EST. (in millions)	2011 U.S. REVENUE (in millions)
Enterprise Holdings (Includes Alamo Rent A Car, Enterprise Rent-A-Car, National Car Rental)	941,064	6,202	$11,500	$11,100
Hertz (Includes Advantage Rent-A-Car)	366,000[3]	2,700[3]	$4,660[3]	$4,241[3]
Avis Budget Group	300,000	2,500	$4,510[3]	$4,500
Dollar Thrifty Automotive Group	122,000	470	$1,563[3]	$1,597
Zipcar[2]	8,800[3]	151[4]	$205[3]	$178[3]
Fox Rent A Car[1]	15,000	17	$170	$140
Payless Car Rental System Inc.	11,000	44	$145	$135
U-Save Auto Rental System Inc.	11,500	325	$118[3]	$115[3]
ACE Rent A Car	9,000	92	$100	$100
Rent-A-Wreck of America	5,600	184	$40	$38
Triangle Rent-A-Car[2]	4,000	28	$40	$40
Affordable/Sensible	3,300	180	$32[3]	$32[3]
Independents[4]	60,000[3]	5,400[5]	$545[3]	$520[3]
TOTAL	1,857,264	18,290	$23,828	$22,738

Statistics based on company-provided data, public documents, industry research and *ARN* estimates.

Revenue comes from U.S. car rental operations only. Fleet, location and revenue numbers represent entire U.S. operations, including franchisees.

[1] Does not include affiliate operations.

[2] Fleet and U.S. locations are solely corporate owned. No franchise operations.

[3] *ARN* estimates.

[4] Independents estimates based on available U.S. Census Bureau figures and adjustments for recent openings, closures and consolidation.

[5] Areas of coverage.

The Alamo Rent A Car, Enterprise Rent-A-Car and National Car Rental brands are part of Enterprise Holdings, which ended its fiscal year July 31, 2012.

Table 1

2008 Discriminatory Tax Payments
Associated With Home Based Retail Rentals
By Household Income Level and Census Region

Census Region	Less than $25,000	$25,000 to $49,999	$50,000 to $99,999	$100,000 or more	All Households
New England	$114,865	$178,978	$438,782	$1,066,259	$1,798,885
Middle Atlantic	$930,651	$1,332,927	$3,064,013	$7,852,357	$13,179,948
East North Central	$214,183	$318,597	$677,330	$1,293,874	$2,503,983
West North Central	$104,027	$181,835	$408,324	$749,550	$1,443,737
South Atlantic	$1,216,743	$1,967,267	$4,187,987	$8,926,658	$16,298,656
East South Central	$18,858	$27,107	$53,310	$87,995	$187,269
West South Central	$420,319	$611,010	$1,141,356	$2,092,645	$4,265,330
Mountain	$284,303	$513,709	$1,100,436	$1,996,239	$3,894,687
Pacific	$230,218	$404,573	$939,756	$2,006,017	$3,580,565
All Regions	$3,534,168	$5,536,003	$12,011,295	$26,071,595	$47,153,061
Percent of Total	7%	12%	25%	55%	
Cumulative Percent of Total	7%	19%	45%	100%	

Mr. TERRY. Ms. Gaytan?

STATEMENT OF LORI GAYTAN

Ms. GAYTAN. Chairman Terry, Ranking Member Schakowsky, and members of the subcommittee, my name is Lori Gaytan, and I am senior vice president of human resources for InterContinental Hotels Group. Thank you for the opportunity to speak today on how tourism benefits our economy.

IHG is the parent company for two of the most iconic brands in the hospitality industry, Holiday Inn and InterContinental Hotels. We are the largest hotel company in the world by number of rooms. Our 676,000 rooms host 157 million guests each year in 4,600 properties in nearly 100 countries and territories. More than 3,100 of our managed and franchised hotels are right here in the United States. IHG owns just five of those U.S.-based hotels. The rest are owned by franchisees, many of whom are small-business owners operating hotels in their local communities.

As others have testified today, the travel industry is a significant contributor to the U.S. economy. IHG asked Oxford Economics to quantify IHG's impact on economic development, and they found that IHG hotel operations and the spending associated with those hotels support close to 2 million jobs and $100 billion in sales.

In 2012, IHG hired 5,000 people in our corporate offices and managed hotels in the U.S. Our managed and franchised hotels employ approximately 220,000 employees in the United States. Last year, we opened 133 new managed and franchised hotels, and we are continuing to grow, with 1,250 hotels currently in our U.S. pipeline. We expect to hire 32,000 new employees to staff those properties.

Being hired by IHG is often the first step in a long and satisfying career. More than half of IHG's managers and two-thirds of our directors have been promoted internally. Paul Snyder, who is IHG's vice president for corporate responsibility, got his start as a line-level employee. He actually was a bartender at the Holiday Inn in Rolling Meadows, Illinois.

And Michel Chertouh joined IHG in Paris as a trainee in 1984. During the next 24 years, he worked in different jobs and properties around the world for various IHG brands. In 2008, Michel became GM of the InterContinental Hotel in Brazil. In his own words, "I have had a very rewarding career with IHG. To progress through so many different roles in so many different places has enriched my professional life and given me a unique perspective on the global hospitality industry." There are thousands more stories of entry-level jobs at IHG properties providing the first step to a long and rewarding career.

I would like to address what Congress can do to assure that travel and tourism continues to serve as an engine for economic growth in local communities across the country. In 2010, Congress enacted the Travel Promotion Act, establishing the first-ever national program to attract more international travelers to the United States. It is funded through a matching program of up to $100 million in private-sector contributions and a $10 fee on foreign travelers from visa-waiver countries.

We are extremely concerned that legislative proposals to divert this fee to other purposes could derail what has been an incredibly successful effort to attract foreign visitors to the United States. We urge Congress to protect this funding source from being co-opted by other interests.

As we attract new overseas visitors to the United States, it is essential to assure that the process of obtaining a visa and clearing through customs is a welcoming one. The JOLT Act, introduced by Representative Joe Heck, would do just that, and IHG strongly supports its speedy enactment.

And while we wholeheartedly support Congress' effort to cut unnecessary spending and reduce fraud and waste, Federal travel policies must recognize the need for Federal employee travel to receive training, to meet with their peers, and to perform their responsibilities efficiently and effectively.

In conclusion, by welcoming travelers from around the world, hotels are taking the lead in growing our economy and creating jobs within every State and congressional district in this country. IHG is a significant part of that growth and opportunity.

We urge Congress to act to remove obstacles that foreign travelers face in coming to the United States, to continue to provide the dedicated funding source that will allow Brand USA to promote the United States to overseas travelers, and to assure that responsible policies allow for legitimate travel by Federal employees.

Thank you for the opportunity to testify today. I will be happy to answer any questions you have.

Mr. TERRY. Thank you very much.

[The prepared statement of Ms. Gaytan follows:]



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Testimony
of
Lori Gaytan
Senior Vice President of Human Resources
InterContinental Hotels Group (IHG)

before the
Subcommittee on Commerce, Manufacturing and Trade
Committee on Energy and Commerce
U.S. House of Representatives

May 7, 2013



Chairman Terry, Ranking Member Schakowsky and Members of the Subcommittee, my name is Lori Gaytan and I am the Senior Vice President of Human Resources for InterContinental Hotels Group. Thank you for the opportunity to present testimony today on how tourism benefits our economy.

IHG is the parent company for two of the most iconic brands in hospitality: Holiday Inn and InterContinental Hotels. In 1952 Holiday Inn paved the way for the American road trip, and today the brand hosts over 100 million guest nights per year. InterContinental Hotels was born out of PanAm pilots' need for a quality hotel to stay in after flying their clipper ships to South America from the United States. Our other brands include Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites®, EVEN™ Hotels and HUALUXE™ Hotels & Resorts. IHG also manages Priority Club® Rewards, the world's first and largest hotel loyalty program with over 71 million members worldwide.

IHG is the largest hotel company in the world by number of rooms. Our 676,000 rooms host 157 million guests each year in 4,600 properties and nearly 100 countries and territories. And while we are proud of our global footprint, more than 3,100 of our managed and franchised hotels are right here at home. IHG owns just five of these US-based hotels. The vast majority are owned by franchisees, many of whom are small, mom-and-pop businesses owning and operating hotels in their own communities.

Leading the Recovery

As others have testified today, the travel industry is a significant contributor to the U.S. economy. According to Brand USA, international inbound travel is one of the largest exports for the United States. Ranking ahead of agricultural goods and motor vehicles, it is the single-largest services sector export, accounting for 25 percent of all services exports in 2011. International travel represents a quick path toward economic prosperity, providing skilled and high-paying jobs that can't be outsourced. The Department of Commerce reports that, in 2011, 62 million international visitors came to the United States and spent a record $153 billion on goods and services, which are counted as U.S. exports. In total, spending by international travelers while traveling the United States supported 1.2 million American jobs.

In 2010, IHG asked Oxford Economics to quantify IHGs impact on economic development. They found that IHG hotel operations and the spending associated with those hotels support close to 2 million jobs and $100 billion in sales. The largest sales impact was found in the Americas, providing hotels that are the focal point to more than $64 billion in sales. Forty-five percent of the total sales impact of IHG hotels comes from the hotels themselves. The other 55 percent comes from the spending of hotel guests.

The travel and tourism industry has emerged as a leading driver of job creation in our economy. U.S. Travel reports that the travel industry has a far broader economic footprint than many realize. More than just transportation and lodging, travelers generate spending at restaurants, museums, parks and other destinations while vacationing, studying abroad or traveling on business. The historical, current and future impact of travel on American jobs is explained through three contributing characteristics: the industry's geographic breadth, the distinct nature and makeup of travel jobs, and the tremendous opportunity for continued expansion and growth.

Studies by the U.S. Travel Association demonstrate that travel supports 14.4 million workers in America—with travel supporting one in eight American jobs in the private sector and ranking as a top 10 employer in 47 states plus the District of Columbia. Travelers' spending is amplified through a ripple effect: as travel workers spend their paychecks in other sectors of the economy, and vendors and suppliers receive contracts from hotels and rental car businesses, which injects $1.9 trillion into the U.S. economy and supports 14.4 million American jobs.

IHG has been an integral part of that process. In 2012, IHG hired 5,000 people in our corporate offices and managed hotels. Our franchised and managed hotels employ an estimated 220,000 people throughout the United States. Last year we opened 133 new hotels that provided jobs for 8,500 people. And we are continuing to grow. IHG has 1,250 hotels currently in its U.S. pipeline. We expect to hire 32,000 new employees to staff those properties.

Not Just a Job, a Career

Being hired by IHG means more than just an entry-level job; it often is the first step in a long and satisfying career. More than half of IHG's Managers and two-thirds of our Directors have been promoted internally. I want to provide you with just a couple of examples of the opportunity and upward mobility that come with being hired by IHG.

Paul Snyder, IHG's Vice President for Corporate Responsibility, got his start as a line level employee -- a bartender at the Holiday Inn in Rolling Meadows, Illinois.

Michel Chertouh joined IHG in Paris as a trainee in 1984. During the next 24 years, he worked in IHG properties around the world as Chief Steward, Cost Controller, Banqueting Manager, Restaurant Manager and General Manager for various IHG brands. In 2008, Michel became GM of the InterContinental in Brazil. In his own words, "I've had a very rewarding career with IHG. To progress through so many different roles in so many different places has enriched my professional life and given me a unique perspective on the global hospitality industry."

There are thousands more stories similar to Paul's and Michel's of an entry-level job at an IHG property providing the first step to a long and rewarding career. In fact, for millions of Americans, a career in the travel industry creates a path toward the

American Dream of a stable, prosperous middle-class life for employees and their families.

According to the U.S. Travel Association, the travel industry is one of the top 10 largest employers of middle-class wage earners in the United States. Half of all travel industry employees - a total of more than 3.7 million workers - earn middle-class wages. In addition, the travel industry employs approximately one-quarter of a million workers who are making more than a middle-class wage. That brings the total number of people bringing home a middle-class wage or higher to four million - 53 percent of all travel industry employees. As IHG's examples demonstrate, the travel industry helps its employees climb the ladder of opportunity, secure a strong and rising level of income, and boost their families into the great American middle class.

Legislative Issues Affecting Travel and Tourism

There are measures that Congress can take to assure that travel and tourism continues to serve as an engine for economic growth in local communities across the country.

Protect the Federal Match Funding Source for Brand USA

In 2010, Congress enacted the Travel Promotion Act, establishing the first-ever national travel-promotion and communications program to attract more international travelers to the United States. It established the public-private Corporation for Travel Promotion (now called Brand USA) that is funded through a matching program featuring up to $100 million in private-sector contributions and a $10 fee on foreign travelers from visa-waiver countries.

The Brand USA marketing campaign is working. Intent to travel to the United States is up 12 - 14 percent as a result of the Brand USA campaign in UK, Canada, and Japan. Based on the success of the campaign to date, Brand USA is extending the campaign to nine markets in 2013—to Australia, Brazil, Canada, China, Germany, Japan, Mexico, South Korea, and the United Kingdom. These markets generate 75 percent of all international visitation to the United States.

The industry has contributed millions to this effort. Nearly 300 organizations - including IHG -- contributed $60 million to Brand USA in one year—and we continue to do so. Approximately 51 percent of contributions in FY2012 were cash and 49 percent were in-kind. Organizations within the private sector are required to put their money toward the effort upfront before any matching funds are provided toward the marketing effort.

The impact of Brand USA goes well beyond its direct spending on travel promotion. US exhibitor presence has increased 25 percent or more at influential international trade shows as a result of Brand USA's efforts—with many US companies and destinations exhibiting for the first time and others significantly expanding their

presence as a result of the newly established Brand USA Pavilion tradeshow presence. In addition, hundreds of partners have included the Brand USA logo and

Discover America call-to-action in their own digital and advertising presence – amplifying the reach of this unique public-private partnership.

We are extremely concerned that legislative proposals to divert the $10 visa-waiver fee on foreign travelers to other purposes could derail what has been an incredibly successful effort to attract foreign visitors to the United States at no expense to the taxpayers. We urge Congress to protect this funding source from being co-opted by other interests.

Enact Legislation to Streamline the Visa and Entry Processes

As Brand USA's efforts attract new overseas visitors to the United States, it is essential to assure that the process of obtaining a visa and processing through customs is a welcoming one. Legislation introduced in March by Representatives Joe Heck (R-NV) and Mike Quigley (D-IL) would do just that. The *Jobs Originating through Launching Travel* (JOLT) *Act*, is a bipartisan, bicameral effort to create jobs through increasing travel and reforming outdated visa laws while maintaining national security. Between 2000 and 2010, the global long-haul travel market grew by 40 percent, yet the U.S. share of the market has fallen from 17 to 12 percent during that time due to the outdated, inefficient tourist visa application process.

The *JOLT Act* would help expand access to visa services for potential visitors to the U.S. without reducing or eliminating the necessary security protocols. Those provisions include faster visa processing, expedited entry for priority visitors, and the establishment of a visa video conferencing pilot program so we can examine innovative ways to address the increasing demand for visas. IHG strongly supports its speedy enactment.

Recognize the Value of Responsible Federal Travel

In the context of reducing the federal deficit and cutting federal spending, government meetings have come under attack as excessive and unnecessary. Legislative proposals have surfaced that would effectively ground federal employees without regard for the value travel can provide. Face-to-face meetings are often the most productive ways to strengthen relationships, develop strategies, increase productivity and achieve organizational goals of federal departments and agencies. Responsible and accountable federal travel guidelines can assure that federal dollars are spent wisely as beneficial federal travel and meetings continue.

While we wholeheartedly support Congress' efforts to cut unnecessary spending and reduce fraud and waste, federal travel policies must recognize the need for federal employees to travel to receive training, to meet with their peers and to perform their responsibilities efficiently and effectively.

Conclusion

By welcoming travelers from around the world, hotel properties in the United States are taking the lead in growing our economy and creating jobs within every state and congressional district in the country. IHG is a significant part of that growth and opportunity. We urge Congress to take the necessary steps to remove obstacles that foreign travelers face in coming to the United States; to continue to provide the dedicated funding source that will allow Brand USA to promote the United States as a welcoming destination for overseas travelers; and to assure that responsible policies allow for legitimate travel by federal employees.

Thank you for the opportunity to testify today. I will be happy to answer any questions you may have.

Mr. TERRY. And Mr. Riehle?

STATEMENT OF HUDSON RIEHLE

Mr. RIEHLE. Chairman Terry, Ranking Member Schakowsky, and members of the subcommittee, thank you for this opportunity to testify before you today on behalf of the National Restaurant Association. I am Hudson Riehle, senior vice president of the Association's Research and Knowledge Group.

We use a simple phrase at the Association to tell our industry's story: "America works here." Restaurants are job creators. We are an industry of predominantly small businesses, but together we are the Nation's second-largest private-sector employer. With more that 13 million employees, the Nation's nearly 980,000 restaurants employ about 1 in 10 working Americans. About half of all adults have worked in the restaurant industry at some point in their lives, and one in three got their first job in a restaurant. We employ more minority managers than any other industry.

Although many of our members are still dealing with the effects of the great recession, last year we added jobs at a 3.4 percent rate, double the 1.7 percent growth rate in the overall economy. We are on track this year for our 14th consecutive year of outpacing job growth in the overall economy.

The fortunes of restaurants are obviously closely tied to travel and tourism. The Nation's nearly 1 million restaurant locations are starting to gear up for what we hope will be a strong summer season. Our members are looking forward to increased summer sales, but we are also proud of the thousands of jobs we will create because of those sales.

NRA research shows that roughly one in four industry sales dollars come from travel and tourism. The trend is even more prevalent among fine-dining establishments where travelers and tourists generate about 30 percent of revenues, on average. In addition, restaurants are also the Nation's second-largest creator of seasonal jobs during the summer months, with travel and tourism fueling that job creation. In a typical summer season, restaurants will add more than 400,000 jobs. That figure trails only the construction industry. We expect that restaurant employment during the summer months will be up about 7 percent above January levels. In some tourist areas, restaurant employment will jump by more than 20 percent during the summer months.

The restaurant industry benefits from growth in international tourism. Restaurant operators in the casual and fine-dining segments reported that travelers and tourists made up a larger portion of their sales last year than in 2011. And when restaurants do well, sectors from agricultural to transportation feel the benefits. Every dollar spent at restaurants generates $2.05 for the rest of the economy. Considering our projections for restaurants to ring up sales of $660 billion this year, that adds up to a total economic impact of more than $1.8 trillion.

The implications for the economy are huge. Our industry is in many ways America's training ground, and we drive careers, entrepreneurial opportunities, and philanthropic contributions in communities across America.

The Association strongly supports measures to deliver stronger travel and tourism to and within the United States. In particular, we support: one, reducing barriers to international travel, including the JOLT Act reforms in the Senate immigration bill; two, stepping up promotion of the United States as an international destination through continued public-private collaboration made possible through the Travel Promotion Act; and, three, increasing business meal deductibility.

Business travel is an important economic driver within the travel and tourism industry. Many businesses of all sizes depend heavily on restaurants as a venue for conducting business. Currently, the business meal deduction is limited to 50 percent of expenses. Increased deductibility would bring the business meal deduction in line with other ordinary and necessary business expenses.

The National Restaurant Association looks forward to working with this subcommittee and all of Congress on these and other important issues to enhance the benefits of tourism for the U.S. economy.

I welcome any questions you might have. Thank you.

Mr. TERRY. Thank you, Mr. Riehle.

[The prepared statement of Mr. Riehle follows:]



Statement
On behalf of the
National Restaurant Association

HEARING: VACATION NATION: HOW TOURISM BENEFITS OUR ECONOMY

BEFORE: SUBCOMMITTEE ON COMMERCE, MANUFACTURING AND TRADE
ENERGY & COMMERCE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

BY: HUDSON RIEHLE
SENIOR VICE PRESIDENT, RESEARCH & KNOWLEDGE GROUP
NATIONAL RESTAURANT ASSOCIATION

DATE: MAY 7, 2013

Chairman Terry, Ranking Member Schakowsky, and members of the subcommittee, thank you for this opportunity to testify before you today on behalf of the National Restaurant Association.

I am Hudson Riehle, senior vice president of the Association's research and knowledge group. The National Restaurant Association is the leading trade association for the restaurant and foodservice industry. Our mission is to help our members establish customer loyalty, build rewarding careers, and achieve financial success.

RESTAURANTS: AMERICA WORKS HERE

As we sit here today, the nation's nearly 1 million restaurant locations are starting to gear up for what we hope will be a strong summer season. While our members are looking forward to increased summer sales, we're especially happy about the hundreds of thousands of jobs we will create because of those sales.

At the National Restaurant Association, we use a simple phrase to tell our industry's story: "America Works Here." Restaurants are job creators. Despite being an industry of predominately small businesses, the restaurant industry is the nation's second-largest private-sector employer. With more than 13.1 million employees, the nation's nearly 980,000 restaurants employ about one in 10 working Americans.

About half of all adults have worked in the restaurant industry at some point in their lives, and one in three got their first job in a restaurant. We employ more minority managers than any other industry, and nearly six in 10 of our first-line supervisors and managers of food preparation and service workers in 2011 were women.

Although many of our members are still dealing with the effects of the Great Recession, last year we added jobs at a 3.4 percent rate – double the 1.7 percent growth rate in the overall economy. We're on track this year for our 14th consecutive year of outpacing job growth in the overall economy.

THE IMPACT OF TOURISM ON RESTAURANTS

The fortunes of restaurants are closely tied to travel and tourism. Roughly one in four industry sales dollars come from travel and tourism. The National Restaurant Association's research shows that the fullservice-restaurant segment derives roughly one-quarter of annual sales from travelers and tourists. The trend is even more prevalent among fine-dining establishments, where travelers and tourists generate about 30 percent of revenues, on average. Percentages are slightly lower in quickservice operations, where about 19 percent of revenues come from travelers and visitors, and fast-casual restaurants, which derive about 15 percent of their sales from travelers and visitors.

The restaurant industry is the nation's second-largest creator of seasonal jobs during the summer months, and travel and tourism fuels that job creation. In a typical summer season, restaurants will add more than 400,000 jobs. That figure trails only the construction industry, which generally adds about 500,000 to 600,000 summer jobs in normal economic times. Government data show restaurants will boost our average number of employees in the summer months by 7 percent over January levels. In popular tourist areas, restaurant employment jumps by more than 20 percent during the summer months.

Fluctuations in international tourism also have an impact on restaurant sales. The Commerce Department reports that an estimated 65.4 million visitors came to the United States in 2012, up from 62.3 million in 2011. The recent growth in international tourism has helped spur sales gains in casual and fine-dining restaurants, with operators in those sectors reported that travelers and tourists made up a larger portion of their sales in 2012 than in 2011. We look forward to sales continuing to climb, with the Commerce Department projecting 68.3 million international visitors this year and more than 76 million in 2016.

Increased tourism benefits restaurants – and when restaurants do well, the benefits are felt across the economy, in sectors from agriculture to transportation. Every dollar spent at restaurants generates $2.05 for the rest of the economy. We expect restaurants this year to generate $660 billion in sales, which results in a total economic impact of more than $1.8 trillion.

The industry is driving job training, careers, entrepreneurial opportunities and philanthropic contributions in communities across America. Our summer employees are frequently first-time job-holders, often students earning spending money or funds for school. In busy restaurants across the nation this summer, restaurateurs will be helping these employees learn teamwork and a strong work ethic.

SUPPORT POLICIES THAT SUPPORT TOURISM

The National Restaurant Association strongly supports measures to drive stronger travel and tourism to and within the United States. In particular, we support measures to:

- **Reduce barriers to international travel.** The Association has been fighting for decades for common-sense immigration reforms. These must include measures not only to protect our borders, but also encourage legitimate travel to the United States. We support the JOLT Act provisions in the Senate's bipartisan immigration bill to improve visa processing, enhance security, and drive more U.S. jobs.

- **Step up promotion of the United States as an international destination.** We strongly supported the Travel Promotion Act of 2010. As part of the leadership committee of the Discover America Partnership, we are encouraged by the efforts Congress and the Administration have made – in concert with the private sector – to ensure that the United States comes up to speed with the growth in global tourism. We're pleased with the launch of Brand USA, the nation's first global marketing effort to promote the United States as a destination for international travelers. This will translate into more seats booked at

restaurants, more rooms booked at hotels, more airline seats filled, more cars rented, and more retail goods sold. Indeed, virtually every sector of the travel industry stands to benefit.

- **Increase business meal deductibility.** Congress can also promote travel and tourism by taking steps to increase the business meal deduction. Business travel is an important economic driver within the travel and tourism industry. Many businesses of all sizes depend heavily on restaurants as a venue for conducting business. Currently, the business meal deduction is limited to 50 percent of expenses. Increased deductibility would bring the business meal deduction in line with other "ordinary and necessary" business expenses. According to our research, increasing the business meal deduction to 80 percent would increase business meal sales by $7.9 billion and create an estimated 195,000 jobs.

The National Restaurant Association looks forward to working with this subcommittee and all of Congress on these and other important issues to enhance the benefits of tourism for the U.S. economy.

Mr. TERRY. And that concludes our first panel's testimony and starts the questioning of the first panel. And I will start with a simple question, and we can go down the panel, from Mr. Dow just on down.

I am just curious, when we want foreign travelers to come into the United States and spend their foreign dollars in the United States, where is our sweet spot? What are the countries that we should be recruiting?

Mr. Dow?

Mr. DOW. The sweet spot is Western Europe, U.K., Japan, France. The growth opportunity is in Latin America, Brazil, China. China is up 44 percent over the past couple years; it is a huge opportunity.

So Western Europe, very important. Asia, Latin America, the future.

Mr. TERRY. All right.

Ms. Matthews?

Ms. MATTHEWS. I would agree with Roger Dow on those opportunity states. The rising middle classes of China and Brazil represent a tremendous opportunity. And right now we are seeing a preference to visiting places like Europe because you can get one visa to travel to all the 22 European countries. And so, to be competitive with that, we really have to reduce wait times. We have had tremendous progress in doing that.

I just got an email from Ambassador Gary Locke last night who said that they have reduced the wait times for a visa interview to 2 days in China even during peak season.

Mr. TERRY. Wow.

Ms. MATTHEWS. But there are more things we can do, such as exploring visa waiver. When we see visa waiver for countries like South Korea, we see a doubling in the number of visitors.

So reducing those barriers, making it easier, focusing on trusted travelers really is the way we are going to get that opportunity.

Mr. ROTHERY. I don't have anything to add.

Mr. TERRY. All right.

Ms. Gaytan?

Ms. GAYTAN. I don't have anything to add.

Mr. TERRY. Mr. Riehle?

Mr. RIEHLE. Within the industry, the results are pretty clear. In other words, if you look at growth in restaurant sales on the west coast versus the east coast and the proportion that comes from travelers and tourism, the growth rates are substantially growing higher now on the west coast versus the east coast because of the Asian growth in that area.

But, in the end, all restaurant sales end up being local. And it is very important that we communicate to our members the importance that international visitation brings. Because if one is a fine-dining operator located in Miami, it is an entirely different situation than being a quick-service operator located on an interstate highway. And it is important for them to——

Mr. TERRY. Good point.

Mr. RIEHLE [continuing]. Recognize those differences.

Mr. TERRY. Thank you.

And, Mr. Dow and Ms. Matthews, Brand USA, is there any way to quantify the impact of Brand USA?

Mr. Dow?

Mr. DOW. Yes. Brand USA is a startup. They began their promotion in U.K., Canada, and Japan. And pre- and post- measurement showed intent to travel here by 11, 12 percent and higher from those countries. We will begin now measuring the actual travel, but that is a great indicator.

So Brand USA has vehicles in place with the Department of Commerce to measure the activity and show the growth. But it is a no-brainer: If you promote America, they will come.

Ms. MATTHEWS. I like to say, if the tree falls in the forest and nobody is there to hear it, you know, did the tree fall in the forest? I mean, you have to promote your country. And we have seen the aggressive promotion of Incredible India, Visit Britain. And we see the power of that in our own country with destinations in States that market themselves.

And so for the United States not to be in that game, really, basically can hinder the economic growth that we are seeing. So that is why we are so supportive of protecting the revenue stream to support Brand USA, so that we continue to be part of that competition for travelers.

Mr. TERRY. Mr. Rothery?

Mr. ROTHERY. Yes, I think it is important to remember that it is a—the industry needs to match their own money in order to——

Mr. TERRY. That is a good point.

Mr. ROTHERY. And so if there is anyone that has their eye on whether or not it is going to be successful, it is the private industry that is going to be shelling out money.

So, as Roger pointed out, we can measure in these early days based on their previous proclivity to go and look at that versus on what actually happened. You know, we are at the very early stages of this, and we are all, you know, eagerly watching to see the results.

Mr. TERRY. Ms. Gaytan?

Ms. GAYTAN. Nothing to add.

Mr. RIEHLE. America is obviously the world's leader in food service. And when we talk to members about the important of getting visibility in the decision-making matrix of these international visitors before they actually depart, in other words, the planning of the itinerary, we are big advocates of, obviously, placing food service options in front of these travelers before they even depart their home.

Mr. TERRY. All right. Thank you.

And now the ranking member, Ms. Jan Schakowsky, is recognized.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

Thank you for your excellent testimony, all of you.

As we know, the blunt and arbitrary cuts of the sequester are now in effect, and Federal agencies, including those who have been deeply involved in tourism, have experienced across-the-board cuts. For example, the National Park Service issued a sequestration planning memo that stated the National Park's budget could result

in, quote, "reductions to visitor services, hours, and operations, shortening of seasons, and possibly the closing of areas," unquote.

Mr. Dow, do you have any concerns about the impact of the sequester on your member companies? And if so, what are they?

Mr. DOW. We have many concerns that travel does not become the face of sequester. With furloughs, FAA, fortunately, the House and the Senate stopped what would have been a disaster. To save $160 million, we put $9.3 billion and 83,000 jobs at risk, and the Senate and the House stopped that last-minute.

We are concerned with the same thing with getting through airports and the TSA. And as you so well stated, the National Parks, our treasures, we are very concerned that it could hurt there.

So we would love to see smart cuts in the right places versus across-the-board cuts that will have disastrous impact.

Ms. SCHAKOWSKY. Thank you.

Has anyone else on the panel noticed impacts to the tourism industry because of sequester? OK.

I wanted to ask—you know, we are all excited about the stock market going way up, and it looks like in some aspects the economy is improving. But, actually, middle-class America hasn't seen a raise in a very long time, and a lot of people are still suffering from the effects of the economic downturn, the recession.

I am just wondering, over the last several years, if you have seen any rebounding, any difference in tourism of ordinary Americans, who, it seems to me, probably one of the first things—not probably; I know—you cut back on is going out to eat, taking that long weekend, planning your summer vacation. I am just wondering how the economy feels to you. I would think your industry would be a barometer of that, in many ways.

Anybody want to start with a crack at that?

Ms. MATTHEWS. I can address that.

I believe that during the economic downturn we saw some of the greatest losses in our luxury brands. But, really, across all of our brands, we saw the impact of the downturn, and not only among American families who were reluctant and couldn't afford to travel, but also businesses that were reluctant to do that.

We have seen across-the-board, across-all-tiers growth as we have kind of rebounded from this. So whether you are talking about a Fairfield Inn, which could be a family going on a weekend, it could be a soccer team that is back on the road, or it could be somebody who is a traveling salesperson, we are seeing those rebounds in those lower tiers, as well.

Mr. DOW. One of the other things about this industry is that it employs the underemployed. The number of people that can start in this industry, as we are adding jobs 10 percent faster, you can't do that at Microsoft. But you can go to work down the street at the new Marriott hotel or one of these restaurants and grow a career.

There is a myth that we are a bunch of ticket-takers and hamburger-flippers. We have all flipped a hamburger in our time; I am sure we all did take a ticket. But the bottom line, we are not doing that anymore. And so it is a career builder, where young, sharp Americans can be trained and grow. And we can employ the middle class probably much better than most other industries.

Ms. SCHAKOWSKY. OK.

True, but I am wondering if, in comparison to prerecession days, if we are back or we are just climbing back or, you know, how we compare to those times. I am wondering if we have——

Ms. MATTHEWS. In the first quarter of 2013, Marriott International exceeded our peak 2007 levels for our fee revenues. So that shows that we are back at the level where we had our peak production and growth.

Ms. SCHAKOWSKY. Is that the experience of everyone on the panel?

How about the Restaurant Association?

Mr. RIEHLE. For restaurants, this year the total industry sales will be up 3.8 percent. It is the fourth consecutive year of sales growth.

Although the grow rates are definitely much more modest than prior to the recessionary period, there is substantial, substantial pent-up demand, in other words, what we call unfulfilled demand, for restaurant usage among tourists as well as residents. Almost one out of every two Americans report that they are not using restaurants as much as they would like in their daily lifestyle.

And when we talk to our membership about it, it is very important to have a marketing promotional plan, both internationally and domestically, to nudge those consumers into that decision to patronage a food service establishment.

Ms. SCHAKOWSKY. OK.

Ms. Gaytan?

Ms. GAYTAN. At InterContinental Hotels, which largely in the U.S. we are a midscale brand, so very much servicing the middle class, occupancy is up. We still have not recovered as well with rate, but we have exceeded theprerecession levels in terms of occupancy.

Ms. SCHAKOWSKY. Great.

Thank you so much.

Mr. TERRY. The gentleman from New Jersey, vice chairman of the committee, Mr. Lance.

Mr. LANCE. Thank you very much, Mr. Chairman.

To Mr. Rothery—am I pronouncing that right?

Mr. ROTHERY. That is correct.

Mr. LANCE. You discussed in your testimony the fact that the taxes on car rentals is a growing challenge for your industry. Can you tell us in a little more detail what is happening, how widespread the practice is, and which of the jurisdictions are the worst?

Mr. ROTHERY. So there are approximately 120 special taxes that go above and beyond the sales tax in that particular taxing jurisdiction. The problem really isn't unique to any one geographic area or State or city; it is really throughout the United States. I believe 43 States and the District of Columbia have some form of extra car rental tax. Of course, not every State has a sales tax, so there is a little bit of a difference there.

Mr. LANCE. Are there States that do not have a sales tax and yet have taxation on car rentals?

Mr. ROTHERY. Yes, there are. I am going to behard-pressed to come up with that off the top of my head, but I know there is at least one.

Mr. LANCE. Uh-huh.

Mr. ROTHERY. And they range on a variety of different projects. You know, most notably, sports stadiums is kind of a popular one. But it is not unique to one particular area, to answer your question.

Mr. LANCE. And could you provide the committee with a list of what these levels of taxation are across the country?

Mr. ROTHERY. Yes, absolutely.

Mr. LANCE. Thank you.

And how will Obamacare affect your industry?

Mr. ROTHERY. You know, I don't know that we have a stance on it, you know, that we have formally taken. You know, we provide, you know, health insurance to our employees.

Mr. LANCE. And are most of your employees full-time employees?

Mr. ROTHERY. Yes, a large majority of our employees are full-time.

Mr. LANCE. Marriott indicated 90 percent of your employees are full-time. And would that be a similar rate in your industry?

Mr. ROTHERY. You know, I would want to be serious about studying the facts before I respond to that question. But intuitively to me, you know, I would think that would be pretty close to be true. But I can get to the committee an exact answer.

Mr. LANCE. Thank you.

And also the same question to the Restaurant Association. A number of significant restaurant chains have made public announcements about the need to cut their employees' hours because of Obamacare. And if you would update the committee on your views on that and where you think we might be headed.

Mr. RIEHLE. A typical restaurant pretax operating margin is about 3 to 5 percent of total sales. It is an extremely competitive industry. It has been and continues to be even more so now. When one thinks about operating costs for a restaurant, labor costs constitute about a third of a traditional restaurant industry sales dollar.

And the legislation—I am just the research guy—the legislation is, obviously, extremely complex. The industry is extremely fragmented. There are almost 70 distinct restaurant segments that roll up into that $660 billion.

So it is a complex piece of legislation overlaid an extremely complex industry, and so the outcomes are obviously very different for different types of operations and ownerships.

Mr. LANCE. Generally speaking, what percentage of your employees are full-time?

Mr. RIEHLE. OK. From a research definition, the difference between full-time and part-time, it is important to think of part-time in four different categories. In essence, you can be full-time part-time, you can be part-time part-time, part-time full-time, you can be seasonal.

Mr. LANCE. I am sorry, I am not smart enough to understand that.

Mr. RIEHLE. Well, for the industry—in other words, the industry is seasonal. In other words, sales in different—there are certain locations that are only open for, say, 3 or 4 months of the year.

Mr. LANCE. Yes.

Mr. RIEHLE. There are individuals that work part-time in the industry full-time. And then there are full-time people that work part-time, you know, for a certain period of the year only.

Mr. LANCE. I see.

Mr. RIEHLE. So the one hallmark of the restaurant industry really is its extreme labor-intensiveness.

Mr. LANCE. Yes. Well, as we move forward, obviously, we are interested to know how the new healthcare legislation will have an impact on the various industries, particularly in tourism and, within tourism, related to your fine work in your industry.

Mr. RIEHLE. And I will make sure our policy people get back to you on that.

Mr. LANCE. Thank very much.

Mr. Chairman, I yield back the balance of my time.

Mr. TERRY. Thank you.

And now the gentleman from North Carolina, Mr. Butterfield, is recognized for your 5 minutes of fame.

Mr. BUTTERFIELD. Thank you, Mr. Chairman.

And thank all of you for your testimony today.

I will try to do this in less than 5 minutes. And let me start with you, Mr. Rothery, if we can.

Mr. Rothery, I appreciate the integral role that the rental car industry plays in tourism. Whether a family is renting a minivan or an SUV for a short weekend or trip, ready access to transportation options is a key to a successful tourism industry.

Mr. Rothery, there has been some discussion about the lack of Federal regulation of the industry. In December of last year, at the end of the 112th Congress, stakeholder discussions produced a bipartisan bill, S. 3706. It is my understanding that there is now broad support for 3706 by both the rental car industry and key consumer advocacy organizations.

So I want to get you on the record today. Does your company support Senate bill 3706?

Mr. ROTHERY. Yes, we support—Enterprise Holdings supports the effort to codify the practices of the industry, which is to make sure that vehicles that are declared recalled by the manufacturers and NHTSA, that they are safe. And there is an agreement between rental car companies and also consumer groups.

Mr. BUTTERFIELD. And why is it important for the industry to be regulated by uniform standards?

Mr. ROTHERY. Well, I think it is important that consumers have a degree of confidence when they rent a car that it is safe and it is safe to operate that vehicle. You know, I think it just fairly speaks for itself.

Mr. BUTTERFIELD. All right.

Finally, to you, Mr. Dow, I have served on this subcommittee for some time now. I was involved in the drafting of the Travel Promotion Act and supported its passage. The TPA, as we call it, created a public-private partnership known as Brand USA to promote U.S. Tourism to people around the world. It is clear that Brand has been a success, with international visitors to the U.S. continuing to increase rapidly.

What can States and the Federal Government do together to make sure we have the resources needed to accommodate more and more international tourists?

Mr. DOW. Well, first of all, Mr. Butterfield, I thank you for your support. You were there from the get-go and helped make it happen, so we appreciate that.

What can be done is to make sure that the money for Brand USA stays in place. That has been said several times. And States can work together. What Brand USA does is, as I mentioned earlier, it levels the playing field. So let's say that North Carolina wants to promote just in Scandinavian countries or Italy. You can do that through them, which you almost couldn't afford to do on your own before.

So it brings you the opportunity to take your dollars in your State and make them very scaleable to go after direct markets you want to go to and with matching funds that will come in. So it really stretches your dollars, and it can bring people specifically you want to get to.

So it is a huge opportunity. And the most important thing is we must reauthorize this when it comes up because, as I say, it primes the pump, and it will build a great number of jobs and revenue for this country.

Mr. BUTTERFIELD. And we want our visitors to make repeat visits to the United States, not just once in a lifetime.

Mr. DOW. You got that right.

Mr. BUTTERFIELD. And that is going to require flexibility. Do you agree?

Mr. DOW. I think it certainly is. And one of the challenges we have is, when visitors come into this country, is there are not enough people in Customs and Border Protection. So you see in areas like Miami, L.A., New York, some of the bigger airports, O'Hare, where lines can be 3 and 4 hours. And these people—I saw one just the other day, she said, "Our exhibitors are not coming back to this convention ever again. We are going to the conventions in Germany or Shanghai." We can't afford to let that happen.

So we need to get the resources, that these good men and women are just stretched to the max. And that will ensure they come back. And we have done a lot of research that says, if you fix it, we will come.

Mr. BUTTERFIELD. Thank you.

I yield back, Mr. Chairman.

Mr. TERRY. Thank you.

And if I am correct, 2015 is the year that TPA must be reauthorized, but we will probably start working on it late this year and into 2014.

Mr. DOW. If you want to start right now, we are with you. Thank you very much.

Mr. UPTON. I thought you would be.

The gentleman from Florida, Mr. Bilirakis, is recognized for your 5 minutes.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it very much.

Mr. Dow, one of the aspects of tourism that I am interested in is pushing tourists out beyond the typical tourist destinations. How

can we either attract international visitors to new locations or capture and push those traditional-destination visitors out beyond those locations to new cities or destinations for an extra day or 2?

In other words, we want them to visit Disney, but we want them to stay a couple extra days and visit our sandy beaches on the east and the west coast of Florida. So do you have any ideas on how we can do that?

Mr. DOW. I have many ideas.

First of all, when those visitors come to an Orlando, a Miami, a New York City, a Chicago, an L.A. For the first time, that is where they stay. The next time, they take—and they will stay maybe 7 days there and 7 days elsewhere. The third trip, 2 days there and elsewhere.

And I think Brand USA allows you to promote those areas, because the travelers today are looking for the authentic destination, the real America, the history, to get out to the Nebraskas, the Tennessees, places like that, and to other areas in Florida that have the real life of America.

So this is a huge opportunity. And if you look at what Brand USA's advertising is doing, it is showing those areas. It is not pushing the Las Vegases and the New Yorks that are part of the travel, but it is pushing people to those areas who don't have the wherewithal to attract those markets.

Mr. BILIRAKIS. Very good. Thank you.

Mr. Riehle, I was pleasantly surprised to learn from your testimony about the enormous impact that tourism has on the restaurant industry. Florida has a large array of unique culinary attractions, such as seafood, Cuban food, Greek food from Tarpon Springs, where I am from, just to name a few examples.

Can you expand on how tourism has a multiplying economic factor and how that benefits the restaurant sector and local economies?

Mr. RIEHLE. Absolutely. Culinary tourism, which is the industry term, is a rapidly growing area for the industry. In other words, both domestically and internationally, certain regions are obviously famous for certain cuisines. And in terms of the marketing mix to potential travelers, it is very important, because dining is such an important, integral experience associated with travel, that the operators and the visitors and convention associations market specifically the cuisines for which these different regions are know.

That is not to say other cuisines aren't important, but it is true when you do the culinary research that certain travelers to certain areas expect to have certain cuisines highlighted in those travel experiences in those areas.

Mr. BILIRAKIS. Thank you.

Mr. Dow, we touched on this a couple times, but this is so very important. Canadian visitors are an enormous source of tourism to Florida. As you know, we have the Blue Jays in Dunedin, Florida. Last year, Canadians made more than 3 ½ million visits to Florida and spent more than $4 billion in the State. Seasonal Canadians visitors are integral members of our local communities and economies. Thank God for them.

Canada is one of the countries in which the Customs and Border Protection operates preclearance customs facilities. Understand-

ably, CBP is cautious about discussing resource levels, of course, for security reasons, as you know. However, airlines are regularly denied additional precleared transborder flights from Canada to the United States because of capacity issues.

Can you speak to the benefit of the preclearance customs program, particularly from Canada? And I know you touched on it a couple of times, but it is so very important.

Mr. DOW. Well, I think the preclearance is extremely important in the areas it is going on right now because it allows you to look at the traveler in their area, and if you want to isolate certain people, it gives you that capability. But it takes the logjam off the Customs and Border Protection people, who, as I said, are overstressed, and I think that is a huge opportunity.

I was just yesterday in Tampa, just down the road from you, and they are building a brand-new international terminal. They could only handle 300 passengers. Now they can handle 1,200. And when you promote in Greece to Tarpon Springs, the great area there, through Brand USA, those people can now get in.

So if we can get them precleared in other areas, it will certainly add to the capability and capacity of Customs and Border Protection.

Mr. BILIRAKIS. Well, thank you very much. I appreciate it.

I yield back, Mr. Chairman.

Mr. UPTON. Thank you.

And now, Dr. Christensen.

Before I start your 5 minutes, though, some people have wanted to take pictures of your person up here testifying. And since this is a tourism hearing, we encourage photos. So feel free to just come on. Just don't stand in front. Do what you want to get your photo.

Dr. Christensen, you are now recognized for your 5 minutes.

Mrs. CHRISTENSEN. Thank you, Mr. Chairman.

And we have been really lucky to hear from some of our greatest experts on the importance of tourism to our economy and what you think Congress can do to make a good thing even better. So I want to thank you again for coming to share your ideas and your suggestions with us.

And I have many questions. I want to use at least part of this time to put a few issues on the record that are pertinent to my district.

First, all of you have worked within the territories. And we are often left out, so I am just going to ask for your support, whenever legislation is being written, that you always remind everyone to include the territories, where it is beneficial to us.

And on the Visa Waiver Program, of course, we talked about the bill. The President has his initiative, as well, addressing improving and expanding the Visa Waiver Program. And while we support also expanding it to China and to South America—I know my commissioner is very interested in expanding it to South America—we have long wanted to at least have it extended for the Virgin Islands and the CARICOM countries.

And we have legislation that we are about to reintroduce that would create a demonstration program. There is a precedent in Guam already for a visa waiver. We have never had one, but our economy could really use the lift. And it would be helpful to some

of the smaller islands in the Caribbean, as well. So we hope that we can get the industry and the committee's support for that when we introduce it.

St. Croix has been very hard-hit, as we have lost our largest private employer for the territory. We have been on an almost, I think it is about, 10-year journey to National Heritage Area for St. Croix. It brings increased branding, funding support, and a longer-staying tourist that spends more. It is a designation that is fully in sync with what our commissioner has envisioned for tourism in St. Croix. And her department has actually participated in this study on which we are hoping to base our designation. St. Croix has so many areas and events that are connected to the Nation and to the world, and it really would be a great designation.

I am wondering, what has been your experience with National Heritage Areas? We have about 40 of them in the country. What has been the experience of each of you? Maybe you would want to comment if you have had that experience of working with the National Heritage Areas in tourism.

Mr. DOW. This is an extremely important area. And, as I said, people want to see these areas, and they are so important. And you mentioned some visa-waiver opportunities. These are low-risk countries and certainly should be included. And that would certainly help these areas that are hard-hit, because you have such a beautiful destination.

So I think the more we can push the natural beauty and all the things that are important—and, again, Brand USA can surgically allow St. Croix to promote where they need the business and make their dollars really work much harder than they have been able to on their own. So I think it is a critical opportunity before you.

Ms. MATTHEWS. Many of Marriott's select service brands are located near some of the National Heritage sites that you talk about. We opened up our first hotel on an Indian reservation in the southwest USA. We have hotels throughout the Virgin Islands.

Mrs. CHRISTENSEN. You do.

Ms. MATTHEWS. And, really, they are some of our——

Mrs. CHRISTENSEN. Even one on St. Croix.

Ms. MATTHEWS [continuing]. Most beautiful properties.

And so, as Roger said, we would be very supportive of visa waiver for those territories. They are low-risk travelers. And security is a very important concern. As we talk about, sort of, greater mobility of people, we are also very concerned about security and being smart about that in this visa process.

And I think that, you know, infrastructure is so critical. So whether it is investing in our airports—because our airports are not competitive with some of the best new airports in India and in China, and that is a deterrent. So investing in airports, continued pressure on airlift, which is critical to a place like the Virgin Islands, and rapid rail is another area of critical importance and investing to get to these tertiary, secondary markets. Because if you have rail and good roads in addition to newer airports, you are going to really get much more broader benefit to all parts of the United States and our territories from the travel and tourism opportunity that we see.

Mrs. CHRISTENSEN. OK.

I think I am running out of time, so thank you for the opportunity.

Mr. LANCE [presiding]. Yes, thank you, Dr. Christensen.

Next, we will hear from Mr. Harper from Mississippi

Mr. HARPER. Thank you, Mr. Chairman.

And welcome to each of you. Thank you for taking the time to share your input with us.

And, Mr. Riehle, if I could follow up a little bit with some earlier questions, just to give you my experience, even before Obamacare passed, I was getting calls from restaurant owners in my district worried about the impact, because, as you said, the profit margin is pretty thin. And I have had a number of restaurant owners with multiple restaurants who said that if they had to pay the penalty or provide health insurance, they would be out of business.

And so we have seen a number of restaurants that are taking people who were full-time people, turning them into part-time employees, or maybe sharing them with other restaurants. Are you seeing that, hearing that experience as perhaps an unintended consequence of Obamacare?

Mr. RIEHLE. We, obviously, survey restaurant operators every month, and we ask them about top challenges. And the top challenge, obviously, now still remains the economy.

The second top challenge now from the restaurant-operator perspective is government. Roughly about one out of five restaurants operators reports that that is their top challenge. And, obviously, part of that is related to the ACA and sequestration. But in terms of their ability to plan——

Mr. HARPER. OK, well, hold on. You are saying the restaurants are saying sequestration is actually having an impact on them?

Mr. RIEHLE. When you survey restaurant operators and ask them what their challenges are——

Mr. HARPER. Well, you said government, but——

Mr. RIEHLE. Yes. Correct.

Mr. HARPER [continuing]. Are you saying that government includes—and, of course, I can't call it "ACA" because it is not affordable. So if I refer to it as "Obamacare," you will excuse me.

But are you defining it as Obamacare and sequestration? Or is that how it is defined within this survey or this question that you do?

Mr. RIEHLE. Well, there are basically four challenges for the restaurant operator.

Mr. HARPER. OK. Now, we are on very limited time, so I apologize for that.

Mr. RIEHLE. OK.

Mr. HARPER. But your industry is extremely important to tourism, it is important to our economy. But the fact is, if you provide health insurance or you have an additional cost, perhaps a premium increase—and, Ms. Matthews, I will talk to you in just a moment, with Marriott—if you have an increased cost, that is going to get passed on to the consumer, will it not? I mean, it would have to, I would assume.

And let me ask you, Ms. Matthews. I know that we all have to be diplomatic, but the fact is, what we are seeing is a lot of companies or chains are looking at this. If they have to provide health

insurance at a greater cost, then their choices are really three: turn them into a part-time employee that will not receive a benefit, or pay that additional cost out of the corporation, or ask the employee to pay a bigger share. Am I correct on that?

Ms. MATTHEWS. So Marriott International as a company is very committed to providing health coverage to all of its employees. And, as I said earlier, 90 percent of our employees are full-time. We actually during the downturn provided health care to anybody who was working at least 30 hours. So while we had to cut back hours on employees during the downturn to be able to manage through the downturn, we did not take away their health care, even if they were working under the hours that normally would define full-time and part-time.

We have seen our healthcare costs go up, but they were going up tremendously prior to the Affordable Health Care Act being passed. So we have seen that trajectory of increased healthcare costs. We will see additional costs as we take on new enrollees, whether they are 26-year-old children of our employees or people that maybe had decided not to take—people who decided to take the risk of not taking healthcare coverage.

We are doing a number of things to control our costs, and that has been our approach. So we are very focused on prevention for our employees. We have aggressive programs on nutrition, on exercise, things that can lower our costs. We have a penalty if somebody is a smoker that they now have to pay. So we are looking for ways to manage our costs as we see them going up.

But we see this as a combination of just normal healthcare cost escalation, in addition to some additional costs by virtue of the pool of enrollees increasing.

Mr. HARPER. And I think you hit on one of the things I think is very important, having traveled abroad fairly recently, is we are becoming to be at a greater disadvantage on our infrastructure and the appearance of some of our international airports in how we will compete. As some explained to me in a foreign country, it is the coolness factor, too, and how we compete on that and how we promote our States and our country.

And for us, Mississippi, promoted as the birthplace of America's music, very important, with the birthplace of Jimmie Rodgers, the father of country music, B.B. King, and so many others in our State.

So I think it is important that we all look at ways we can promote good people into our country. And thank you very much for your time.

I yield back, Mr. Chair.

Mr. TERRY [presiding]. Thank you.

The chair recognizes the gentleman from Utah for your 5 minutes.

Mr. MATHESON. Thank you, Mr. Chairman. I appreciate you holding this hearing.

I come from a State where tourism has always during my lifetime been the biggest industry in our State, between our ski industry and our national parks. But it is important we look from a national perspective, too, and figure out how we compete with the rest of the world and make sure that we have the opportunities to

attract travel and tourism business in this country. So I appreciate you holding this hearing.

I had a question for Ms. Matthews.

In your testimony, you cited a number of different accolades that Marriott has received for its human resources policies. And one I noticed is that you have been named one of Working Mother Magazine's 100 best companies to work for in this country. Can you tell me what policies have led Marriott to being placed on that list for over 20 years?

Ms. MATTHEWS. Marriott has a very inclusive policy. We want the broadest array of talent to be able to work in our hotels, and so that includes men and women and people of many cultural and minority backgrounds.

As a company, we have always had very women-friendly and family-friendly policies, whether it is onsite daycare at our corporate headquarters in Bethesda, Maryland; whether it is leadership programs that develop talent, whether they are men or women, but we have women's leadership programs that granted us these accolades, I would say.

I think you see women rising within the company. Our new global officer for sales, marketing, and brand is a working mother with three young children who started in an entry-level position in our company. So you see those great success stories within the company, as well.

So those are some of the reasons why we would have gotten those accolades.

Mr. MATHESON. That is great.

Mr. Riehle, I have a question that is a little off-topic from what you have heard so far today, but to the extent that restaurants need to avoid having cost pressures that make it more difficult to provide service to tourists—and this is a question that another subcommittee on this hearing may be covering more, which is impact of government policy on food prices with the renewable fuel standard and the fact that 40 percent of the corn produced in this country doesn't go to food, it goes to fuel.

And I was wondering if the Restaurant Association has researched this issue, if they have taken a position on this issue about how it affects food prices for your members.

Mr. RIEHLE. Yes. Going back to this survey about operator top challenges, the third top challenge now is food cost. Roughly about a third of the restaurant industry sales dollars goes to cover food and beverage purchases.

Wholesale food price inflation in 2011 was 8.1 percent. It was the highest rate in over 30 years. And this year, it is running about 2.6 percent, on top of another 2 percent increase last year.

So, from the operator perspective, there is no way to pass through those costs of dampened consumer demand, so it really forces a very introspective look in terms of the operating cost structure and where efficiencies can be achieved.

But the policy staff has a position on what you are talking about, and I will make sure they get back to you. But, in general, from the operator perspective, there is no substitute for stable, predictable, wholesale food price inflation.

Mr. MATHESON. OK. I appreciate that.

Mr. Chairman, I yield back.

Mr. TERRY. All right. Thank you.

So that concludes the questions of this panel. I want to thank you all. You did a wonderful job and were very helpful. We thank you very much. So, panel number one, you are now dismissed.

The second panel, if you will just give us a few seconds to get sorted out here.

Mr. Riehle, I was thinking you had mentioned about food tourism. So I was thinking about Nebraska, and I thought, we are known for our beef and our steaks. So to add to added-value tourism, maybe a tour of a slaughter plant?

Mr. RIEHLE. There are lots of different drivers for the restaurant industry.

Mr. TERRY. If we can get the second panel seated. If we can get our witnesses to please take their seats.

Well, I want to thank the second panel. And most of them have been introduced by their respective Members who requested their presence.

We have Bill Seccombe and Sharon Zadra that was not introduced because she didn't have somebody from Nevada here, but she is a board member with the Reno-Sparks Convention and Visitors Authority; then Gina Speckman, executive director of Chicago's North Shore Convention and Visitors Bureau; Ralph Witsell, Discover Torrance Visitors Bureau; and then Beverly Nicholson-Doty, commissioner, U.S. Virgin Islands Department of Tourism.

I thank you for being here.

And just like with the first panel, you will have 5 minutes. There is a clock right up here. Evidently, our lights showing green, yellow, and red are not working, so you will have to pay attention up here.

So Mr. Seccombe?

STATEMENTS OF J. WILLIAM SECCOMBE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, VISIT FLORIDA; SHARON ZADRA, BOARD MEMBER, RENO-SPARKS CONVENTION AND VISITORS AUTHORITY, COUNCILWOMAN, CITY OF RENO, NEVADA; GINA SPECKMAN, EXECUTIVE DIRECTOR, CHICAGO'S NORTH SHORE CONVENTION AND VISITORS BUREAU; RALPH WITSELL, EXECUTIVE DIRECTOR, DISCOVER TORRANCE VISITORS BUREAU; AND BEVERLY NICHOLSON-DOTY, COMMISSIONER, U.S. VIRGIN ISLANDS DEPARTMENT OF TOURISM

STATEMENT OF J. WILLIAM SECCOMBE

Mr. SECCOMBE. Mr. Chairman, thank you, and, Members, thank you for the opportunity to be here today.

As the president and chief executive officer of Visit Florida, our State's destination marketing company, I probably have one of the best jobs in the world: 825 miles of the most beautiful beaches in the world, the theme park capital, home of American golf, the home of American cruise lines, award-winning State parks, and incredible communities, from Jacksonville to Tampa to the Florida Keys.

And when you think tourism, when you think Florida tourism especially, you think it is all fun and games. And, in fact, the mil-

lions of visitors that come to Florida every day are enjoying just that. But it is also the number-one industry in our State, and it is a key economic driver, the biggest industry in our State. And I can tell you that the travel and hospitality industry in the State of Florida was the key industry that led Florida out of the recession of the last several years.

It is our vision to make Florida the number-one travel destination in the world, and we are in pretty good place to do that. Last year, we had our second consecutive record year of 89.3 million visitors to the Sunshine State. Over 500 million vacation nights were spent in Florida. And those visitors spent $71.8 billion on hotels and shopping and dining and attractions around the State.

To put that into perspective, there are more people visiting the Sunshine State today than live in 11 U.S. States. It is a huge economic engine; it is a huge driver of Florida's economy.

Those visitors will spend $196 million today in Florida, and that generates $4.3 billion in State sales tax collections, 23 percent of all the State's sales taxes collected in the Sunshine State. Those 1.6 million people that are visiting Florida today are employing 1,053,000 Floridians. It is a huge, huge driver of the economy. And that number has been growing like the visitor numbers: 36 months of consecutive growth in the hospitality sector in the Sunshine State.

As I look to the future of Florida tourism, I can tell you our next major benchmark is trying to get from 89 million visitors to 100 million visitors. And what does that look like? I can tell you that the economic impact of reaching a goal like that is significant. We would be able to create another 121,000 jobs. The average salary of those jobs, according to Florida TaxWatch, would be over $43,000 per person. So they are, again, big, real jobs for the Florida economy. It would generate an increase in personal income in Florida of $5.3 billion a year.

So for Florida to be able to reach that kind of economic number and be the number-one travel destination in the world, we obviously continue to be very aggressive in our marketing efforts, both domestically and internationally. And we are fortunate to have a Governor and a legislature in the State of Florida that recognizes the importance of tourism to our economy and to job creation. And they just funded our organization for the next fiscal year at an 18 percent increase in our funding.

We know tourism marketing works. It works at the State level, it works at the city level, and it works at the national level as well. I can tell you, for us to achieve our vision, the only way we are going to be able to do that is seeing a huge increase in international visitation. Fortunately, in the last 5 years, international visitation to the State of Florida has more than doubled. So it is growing, and that is very, very good news. Ten percent of all Canadians visited Florida last year. We had a record 10 million overseas visitors.

But the only way we are going to be able to continue to grow moving forward is with the help of Brand USA. I can tell you that I very much, along with the entire Florida tourism industry, appreciate your support of Brand USA and the Travel Promotion Act.

Visit Florida was a founding partner of Brand USA. And our organization, along with 50 other organizations in the State, contributed over $8 million to Brand USA to help them be successful. Again, destination marketing works. And we know that if we help Brand USA promote the United States of America, you know, a rising tide raises all ships, and Florida will be a beneficiary. But the success of that organization is critical.

As we heard from Roger Dow earlier, a 12 to 14 percent increase in intention to visit the United States as a result of their initial campaigns, that marketing is working. Again, it is not only good for United States, it is not only good for Florida, it is good for all of the destinations around the country.

And what they are during now with full funding is going into really a second year of their kind of fully operational marketing program. It is going to allow them to market in areas and markets that are key and incredibly critical to Florida's future success, marketing in Brazil, Canada, China, Mexico, the United Kingdom.

So at Visit Florida and, I can tell you, not only our organization but the entire Florida tourism industry is 100 percent committed to the success of Brand USA. And we believe that with your continued support of Brand USA we will be able to, again, see Florida tourism industry numbers increase but also international visitation to all of the United States increase, as well.

So thank you for your support, and we very much appreciate it.

Mr. TERRY. Wow, that was perfectly timed.

[The prepared statement of Mr. Seccombe follows:]

Will Seccombe's Testimony before
Subcommittee on Commerce, Manufacturing and Trade
May 7, 2013

Vacation Nation: How Tourism Benefits our Economy

Florida is one of the most amazing travel destinations in the world, boasting 825 miles of beautiful beaches. Recognized around the globe as the Sunshine State, we are also the theme park capital, the fishing capital of the world, the home of American golf, the home of the American cruising industry and home to award winning State Parks. With amazing communities stretching from Pensacola to Tampa Bay to Key West, Florida is a destination of rich diversity and unrivaled art, culture and 500 years of history.

Florida is already the No. 1 domestic vacation destination, the top family vacation destination, the top U.S. beach destination and one of the top international travel destinations. At VISIT FLORIDA, our vision is to establish Florida as the No. 1 travel destination in the world.

As one of the largest industries in the state, tourism has lead Florida's recovery from the great recession. 2012 marked the second consecutive record year for Florida tourism with 89.3 million visitors. Logging over 500 million vacation nights in the Sunshine State last year, Florida's visitors spent $71.8 billion on hotels, attractions, restaurants, retail and recreation. To put that in perspective, there are more people visiting the Sunshine State each day – nearly 1.6 million – than live in 11 U.S. states and they spend nearly $196 million a day in Florida. This tourism spending generated $4.3 billion in sales tax in 2012, meaning more than 23% of all the state's sales tax collections were paid by people who live outside Florida.

We know that every 85 visitors to the state create or support one new Florida job. Today, the tourism industry provides employment for 1,053,000 Floridians, with the number of jobs supported by visitors having grown for 36 straight months.

Looking to the future, the next major milestone for Florida tourism is to welcome 100 million visitors per year. This visitation level would have a significant, positive economic impact on the state. According to Florida TaxWatch, achieving 100 million Florida visitors would generate 121,298 new jobs with an estimated average salary of $43,751 and would increase personal income for Floridians by $5.3 billion per year.

In order to reach that ambitious goal, VISIT FLORIDA – the official statewide destination marketing organization – must be highly aggressive in promoting the Sunshine State domestically and internationally in a hyper-competitive global marketplace.

In Florida, we are very fortunate to have the leadership of Governor Rick Scott and the Florida legislature who recognize the importance of the tourism industry's role in strengthening the state's economy and creating jobs for Floridians. In fact, just last week the Legislature passed the FY 2013-14 state budget which included record funding for VISIT FLORIDA at $63.5 million – an increase of 18% over the current year.

In order to continue to increase the total economic impact of travel to the Sunshine State, we are increasingly focused on growing international visitation. Last year, Florida welcomed a record 3.6 million Canadians and surpassed 10 million overseas visitors from 181 countries. However, there remains a huge opportunity to continue to increase international visitation to the state.

On behalf of the entire Florida tourism industry, I would like to thank you for your support of the Travel Promotion Act and Brand USA. VISIT FLORIDA is a Founding Partner of Brand USA and to-date over 50 of VISIT FLORIDA's partner attractions, destinations and businesses have invested over $8 million in their programs.

In a short period of time, Brand USA has demonstrated that their marketing campaign is working. Intent to travel to the United States is up 12-14% following their initial campaign and, this year, they are expanding marketing efforts into countries that are critical to our future success in Florida – Brazil, Canada, China, Germany, Mexico and the UK. We are all 100% committed to their success, because a rising tide raises all ships.

And speaking of ships, 500 years ago last month, Juan Ponce de Leon became the first European to set foot on U.S. soil when he landed near St. Augustine and gave the State our name La Florida. Ponce was the United States' and Florida's first international visitor. With your continued support of the U.S. tourism industry and Brand USA, we can grow the country's share of a rapidly expanding global travel market. Increasing international visitation to the U.S. will be a key driver in the expansion of the economy and the creation of high-paying jobs.

Florida Tourism At-a-Glance

Employment –

- Tourism-related employment shows growth, year-over-year for the 36th straight month
- More than one million Floridians are employed in the tourism industry
- With 19.2 million residents living in Florida, roughly one in every 20 Floridians is employed in tourism

Visitation –

- Florida welcomed a record 89.3 million visitors in 2012
- Visitors spent over 500 million vacation nights in the Sunshine State in 2012
- On any given day, Florida has 1.6 million visitors
- That represents more people than live in 11 different U.S. states and the District of Columbia
- Every 85 visitors to the state supports one tourism job
- One in five international visitors to the U.S. travel to Florida
- Last year, Florida welcomed international visitors from 181 countries
- Florida visitation, including domestic, Canada, and overseas, for Q4 2012 equals 21.4 million, up 1.8% from Q4 2011
- Passengers who boarded at Florida's 14 major airports for Q4 2012 totals 16.8 million, down 0.2% from Q4-2011
- Hotel occupancy in Florida for March 2013 was at 81.8%, up 2.5% from March 2012
- Of all domestic visitors to Florida,12% are traveling for business purposes
- Of those, 22% attended conventions and 20% attended seminars or training sessions
- Average expenditures for business visitors in Florida per person per day in 2011 (most recent available year) totaled $243.80, up 15% from 2010
- The largest proportion of business spending in Florida was on transportation (36%), followed by accommodations (28%)

Spend –

- For every $1 spent on tourism marketing, VISIT FLORIDA generates $258 in tourism spending and $15 in new sales tax collections
- Visitors spent a record $71.8 billion last year in the Sunshine State
- Florida visitors average spending $196 million a day
- Tourism generates 23% of the state's sales tax revenue
- Florida Tourism generated $4.3 billion in sales tax collections
- Florida's hotel average daily room rate for March 2013 was $146.08, up 8.3% from March 2012

VISITFLORIDA.

Mr. TERRY. Ms. Zadra, you are recognized for 5 minutes.

STATEMENT OF SHARON ZADRA

Ms. ZADRA. Greetings, Chairman Terry and Ranking Member Schakowsky, and Members. I am Reno Vice Mayor Sharon Zadra and before you as a representative of the Reno-Sparks Convention and Visitors Authority. And thank you for allowing me to be here with you today.

The Nevada Commission on Tourism estimates that more than 50 million visitors come through Nevada each year, making tourism Nevada's largest export industry, infusing more than $56 billion into Nevada and providing 30 percent of the State's employment, generating $2.7 billion in State and local tax revenue, which represents roughly 26 percent of all tax revenues in the State.

There are more than 425,000 residents in the greater northern Nevada metropolitan area, which welcomes 4½ million visitors each year. Studies show that visitors to our area report spending more than $450 per person per day, which at an average length of stay of 3½ days translates into a total impact of $7 billion in tourism-related spending each year.

Although we in northern Nevada are working to diversify our economy with recent acquisitions such as a $1 billion Apple data-processing center, there is no question that tourism will continue to be the fuel of our economic engine.

The city of Reno has teamed with private entities to add more than 600,000 square feet of convention and entertainment venues downtown. And, certainly, the draw of Lake Tahoe, which is recognized as America's greatest lake by the readers of USA Today, cannot be underestimated.

But one of the attributes that truly sets us apart and helps drive tourism is our 290-day special events seasons. Thousands come from around the globe to watch the world's only closed-course pylon air race at our National Championship Air Races. We attract more than 50,000 "burners" from around the world for the counterculture festival known as Burning Man. More than 11,000 of them fly into the Reno-Tahoe International Airport, and that air travel alone accounts for $10 million in economic impact. Six thousand classic cars invade the area for Hot August Nights, filling our hotels and streets. And new this year, we are bringing the world-renowned car auction company Barrett-Jackson to Reno for one of its four nationwide events.

Tourism is critical to northern Nevada because tourism creates jobs. Leisure and hospitality leads job growth in our statistical area. It added 1,500 jobs alone in the past year. Tourism paves our roads and builds new ones to support our growing population. Tourism builds schools and educates our children, who will continue to direct us at all levels of local government and in leadership roles.

Nevada is not alone in its reliance on the tourism industry, and so I plead that every State representative support tourism-related initiatives and to ensure that the tourism industry sees sustained growth.

I encourage beginning now the reauthorization of the Brand USA, as we have discussed earlier today. Making it easier for tour-

ists to obtain entry visas helps our Nation's economy. Surely, there may be reforms that are needed, but I believe Brand USA will continue to play an integral role in growing the U.S. travel and tourism industry.

Also, please consider legislation that will end the practice of prohibiting travel to locations perceived to be a resort or vacation destination. As far back as 2009, some Federal agencies have restricted travel to resort locations. Unfortunately, these bans have been decided without consideration for whether or not holding a Federal Government event in the banned locale actually presents a savings or better value to the American taxpayer. My representative, Congressman Mark Amodei, soon will introduce legislation to address this.

Lastly, if any Members of Congress wish to become more involved in promoting travel and tourism nationwide, please reach out to Congressman Amodei and anyone else on the Nevada delegation. Each works tirelessly to support this industry. Joining the bipartisan Travel and Tourism Caucus, chaired by Congressmen Jo Bonner and Sam Farr, is also a great way to join the solution.

To simply summarize, tourism creates jobs.

Thank you, Chairman Terry, for showing your leadership on this very important issue and allowing me to share northern Nevada's experience. And I look forward to answering any questions you may have.

Mr. TERRY. Well done.

Ms. ZADRA. Thank you.

[The prepared statement of Ms. Zadra follows:]

Testimony of

Ms. Sharon Zadra

Board Member, Reno-Sparks Convention and Visitors Authority

Councilwoman, City of Reno, NV

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON ENERGY AND COMMERCE

COMMERCE, MANUFACTURING, AND TRADE SUBCOMMITTEE

HEARING entitled "Vacation Nation: How Tourism Benefits Our Economy."

May, 7 2013

SUMMARY:

- State-wide, 50-Million visitors come to Nevada each year.
- Tourism provides $56-Billion to the state of Nevada, comprises 30% of the state's employment and generates $2.7-Billion in State and Local Tax Revenue (26% of all tax revenues in Nevada).
- The 4.5 Million visitors to the Reno-Sparks-North Lake Tahoe Metropolitan Area self-reported spending of more than $450 per person, per day.
- Tourism accounts for a total economic impact of $7-Billion each year for the greater Reno-Tahoe community.
- Leisure & Hospitality is the leading sector for job growth in the Reno Metropolitan Statistical Area; adding 1,500 jobs from March 2012 to March 2013.
- Recommendations: Reauthorize Brand USA, end discriminatory practices that prohibit agencies from holding conventions in places deemed "resorts," and become involved in the conversation by talking with Nevada's Representatives or by joining the Travel and Tourism Caucus.

Good Morning. I am Sharon Zadra and I'm before you as a representative of the Reno-Sparks Convention and Visitors Authority, and I'll be discussing the importance and economic impact of tourism throughout Washoe County and Northwestern Nevada. Thank you for allowing me to be here today.

Nevada is one of the 15 smallest states in the Union, by population, and thrives on the beneficial economic impacts of tourism. The Nevada Commission on Tourism estimates that more than 50-Million visitors come through Nevada each year, and there is no question that Tourism is Nevada's largest export industry.

Tourism infuses more than $56-Billion into the state of Nevada: providing 30% of the state's employment and generates $2.7-Billion in State and Local Tax Revenue, representing roughly 26% of all tax revenues in Nevada.

This impact is similar in Washoe County as it is throughout the rest of the state. According to the latest Census data, there are more than 425,000 residents in the greater Reno-Sparks-North Lake Tahoe Metropolitan Area, which welcomes 4.5 Million visitors each year. In a recent Visitor Profile Study of Washoe County, conducted by EMC Research, Incorporated, visitors to the area self-reported spending of more than $450 per person, per day. Which, at an average length of stay of 3 ½ days, translates into a total economic impact of $7-Billion of tourism related spending each year for the greater Reno Tahoe community.

Though business leaders in the northern Nevada community are working to diversify our economy, with recent acquisitions such as a $1-Billion Apple Data Processing Center along with a number of major distribution centers such as Wal-Mart and Amazon, there is no question that tourism will continue to be the fuel of our economic engine for years to come.

Washoe County has known the importance of Tourism for decades, and has made significant investments in promoting, improving and expanding on the wide variety of events and activities for visitors to enjoy. Recent capital improvements of just two hotels, Peppermill Resort Spa Casino and Atlantis Casino Resort Spa, total more than $500-Million in improvements and expansions of restaurants, spas, hotel accommodations and meeting facilities. Additionally, the City of Reno has ventured with private entities to construct and improve more than 600-Thousand square feet of convention and entertainment venues in the National Bowling Stadium, the Reno Events Center, the downtown Reno Ballroom and, most recently, the $58-Million Triple-A Reno Aces Stadium, which will play host to the Triple-A All-Star Game this July. All of these properties are located within three blocks of one another in downtown Reno, the major hub for tourist traffic throughout the year.

The draw of Lake Tahoe, which is "America's Greatest Lake," according to the readers of USA Today, cannot be underestimated. But one of the attributes that truly sets northern Nevada apart, and helps drive Tourism to the area, is our special events season. Hundreds of thousands of people fill downtown Sparks during the Best in the West Nugget Rib Cook-off, when barbecue companies come from all over the nation for a chance to call their ribs "The Best in

the West." Thousands of people come from all around the globe to watch the only closed-course pylon air race in the world, every September when the National Championship Air Races come to town. The entire country can see the beauty of the region while walking the immaculate greens and fairways of Montreux Golf & Country Club during the PGA Tour event called the Reno-Tahoe Open. The Reno-Sparks area is the hub for more than 50,000 "Burners" who come from all over the world to venture out to the Black Rock Desert for the counterculture and art festival known as Burning Man. More than 11,000 of them fly in and out of Reno-Tahoe International Airport, tens-of-thousands of them stock-up on supplies in the metro area, and thousands also stay in hotels for a few days before and after the event. Just the air travel associated with Burning Man has an impact of more than $10-Million in the community. When more than 6,000 classic cars invade the area for Hot August Nights, our hotels and restaurants are full. And we're investing even more into one of our most successful events by bringing the world-renown car auction company, Barrett-Jackson, to Reno for one of their four events nationwide. Three of the more popular special events; Hot August Nights, Street Vibrations Fall Rally, and the National Championship Air Races, claim to infuse $350-Million into the local economy in just the month of September each year. This is made possible by the investment of time and money, which the entire northern Nevada community has dedicated to create a successful special events season that spans 290-days every calendar year.

But, why? The answer is that all these efforts were created because of Tourism. And they all contribute to growing northern Nevada's economy and sense of community, because we continue to invest in them, and they continue to grow.

This all lends itself to the most important, the most crucial piece of what the impact of Tourism truly means to northern Nevada. And it's the topic that's been on everybody's mind for years now: Jobs.

Leisure & Hospitality employment, ranging from restaurant and hotel employees to tour operators, ski resorts, golf courses and even taxi services, is by far the largest employer in northern Nevada. And according to a study by the University of Nevada, Reno's Center for Regional Studies, Leisure & Hospitality is the leading sector for job growth in the Reno Metropolitan Statistical Area; adding 1,500 jobs from March 2012 to March 2013. These are jobs within the arts, entertainment and recreation industries, which are all directly associated with Tourism.

And though our largest industry continues to grow from a jobs standpoint, it's of the utmost importance to this community that we continue to support it, and to help it keep growing. It is this growth in the Tourism industry that will address the needs of not only our community, but the needs found in every community in this great nation. Tourism paves our roads and builds new ones to support our growing population. Tourism builds schools and educates our children who will continue to make the right decisions at all levels of our local government, and in the executive leadership roles that will determine how best to serve our visitors so that they continue to see the Reno Tahoe area as a vacation and convention destination. It is Tourism that brings prospective business leaders to the area where they can learn how successful

businesses can be within the state, increasing regional development and diversifying the economy of northern Nevada.

Tourism's impact on the northern Nevada community cannot be overestimated. Tourism is the reason why Reno Tahoe USA is an exciting destination, and has a huge impact on the quality of life for our residents. I know that Nevada is not alone in its reliance on the Tourism Industry, and for that reason I plead for representatives from every state to support Tourism-related initiatives at every opportunity.

Moving forward, there are a number of things that this body can do to ensure the tourism industry sees sustained growth in the future. First, I would encourage the reauthorization of Brand USA when it expires in 2015. Promoting the United States as the premier tourist destination in the world and making it easier for tourists to obtain entry visas can only help our nation's economy. To be sure, there may be reforms that you might feel must be made, but it is my opinion that Brand USA will continue to play an integral role in growing the travel and tourism industry in the US.

Second, consider legislation that will end the recently-adopted practice of prohibiting official travel to specific locations perceived to be a resort or vacation destination. As far back as 2009, the American Hotel and Lodging Association reported that the some agencies had implemented limits or bans on federal government travel to "resort" locations, which would include places like Washoe County. Unfortunately, these prohibitions have been decided without concern for

whether or not holding a federal government event in the banned locale presents a savings or better value for the American taxpayer. Value to the taxpayer should always be the greatest consideration in this decision-making process.

Lastly, if any Members of Congress wish to become more involved in promoting travel and tourism throughout the country, do not hesitate to reach out to my Representative, Cong. Mark Amodei, or anyone else in the Nevada Delegation. All of my state's Senators and Representatives work tirelessly to support this important industry and are always looking for partners in this effort. Joining the bipartisan Travel and Tourism Caucus, chaired by Congressmen Jo Bonner and Sam Farr, is also a great way to join the conversation.

I hope this presentation has given you some insight to the economic and employment impacts that Tourism has on northern Nevada.

Thank you, Mr. Chairman, for allowing me to share my thoughts with the Subcommittee today and I look forward to answering any questions you may have.

Mr. TERRY. Ms. Speckman, you are now recognized.

STATEMENT OF GINA SPECKMAN

Ms. SPECKMAN. Hi. Chairman Terry, Ranking Member Schakowsky, and members of the subcommittee, thank you for allowing me to testify about the importance of tourism to our economy.

My name is Gina Speckman, and I am the executive director of Chicago's North Shore Convention and Visitors Bureau. I have worked in the travel and tourism industry for 25 years, and I have had the opportunity to see the benefits of the convention industry during my tenure at the Chicago Convention and Tourism Bureau and the impact on smaller communities in my current position representing the cities just north of Chicago.

The great recession inflicted damage on almost every sector of the American economy, including travel. Travel, however, has bounced back from the downturn far more quickly than any other industry.

In the cities I represent, the local hotel tax that is paid for by visitors is a trusted revenue stream made even more attractive as it is not paid for by local residents. Even during the economic downturn, when drastic cuts were made to the budgets of the municipalities I represent, the dollars invested in the convention and visitors bureaus remained intact. Why? Because the investment in tourism promotion has a proven track record of performance, and in tough economic times the incremental revenue brought in by visitors is more important than ever.

Dollars derived from tourism is also an important mechanism for funding economic development initiatives. In the city of Evanston, for example, the hotel tax funds the economic development department and all the initiatives they undertake to bring technology, retail, and manufacturing businesses to the city. Thus, not only does tourism benefit the businesses that count and only thrive with visitor dollars, but the taxes derived by increased visitation is the backbone of these entire cities' economic development plans.

Of all the revenue sources that flow into the State of Illinois, the hotel tax revenue is growing faster than all other State taxes, higher than liquor, sales, cigarette, motor fuel, gaming, or income taxes. In 2012, the hotel tax in Illinois increased 23.42 percent over the year.

The travel and tourism industry has rebounded back to the levels we were at before the recession. In 2012, $2.3 billion in taxes were created by tourists in Illinois, representing 93.3 million visitors. How many other industries can boast this growth?

And, of course, one of the main metrics of economic health is jobs. On Chicago's North Shore, 1 out of every 10 jobs is related to hospitality and tourism. When the recession ended, hotels and restaurants immediately brought on new employees to meet the demand. Though many frontline jobs in our industry are entry-level, many are not. And our industry is very proud of the fact that we nurture, develop, and promote talent. Show me a general manager of a major hotel, and I promise you he or she started as a bellman or a front desk clerk. Our jobs cannot be outsourced, and we immediately have the infrastructure to hire staff quickly.

In 2010, the Travel Promotion Act was signed into law, which resulted in the creation of Brand USA, allowing our country to have a national advertising presence in the international marketplace. Prior to its establishment, the U.S. Had no cohesive international presence, and other countries benefited from our absence by taking our visitors.

In a short time, Brand USA has established advertising programs that have allowed States, convention bureaus, and private tourism entities the ability to co-market our product and be part of this big effort. For my area, it allows me to finally market internationally in a way that was not available to me previously or was cost-prohibitive. Partnering with Brand USA in the State of Illinois, I will now have videos and online marketing materials in different languages backed by the advertising force afforded Brand USA.

My constituents are thrilled, and we finally feel that the tide has turned in fighting for the international visitor dollar. In April 2014, Chicago is hosting International Pow Wow, which is the international convention of tour operators, and we are very excited to be a part of it.

Now that Brand USA has established focus to position the U.S. as a premier destination for visitors, we need to continue the momentum of increasing the amount of visitors coming to our country. Passage of the JOLT Act, House bill 1354, would allow travelers from countries closely tied to the U.S.—Poland, Israel, Chile, Brazil—to be part of the Visa Waiver Program, expand the successful Global Entry program, and reduce visa wait times. I encourage you to include provisions of the JOLT Act in any comprehensive immigration reform package.

Also, the Travel Promotion Act, as you have heard, is coming up for reauthorization in 2015, and we encourage you to please promote that.

Thank you for allowing me to testify.

Mr. TERRY. Well done.

[The prepared statement of Ms. Speckman follows:]



Testimony for the Subcommittee on Commerce, Manufacturing and Trade

"Vacation Nation: How Tourism Benefits Our Economy"

Good Morning. My name is Gina Speckman and I am the Executive Director of Chicago's North Shore Convention and Visitors Bureau. Thank you for allowing me to testify about the importance of tourism to our economy. I have worked in the travel and tourism industry for over 25 years and have had the opportunity to see the benefits of the convention industry during my tenure at the Chicago Convention and Tourism Bureau and the impact on smaller communities in my current position representing the cities just north of Chicago.

The Great Recession inflicted damage on almost every sector of the American economy, including travel. Travel, however, has bounced back from the downturn far more quickly than almost any other industry. In the cities I represent, the local hotel tax that is paid for by visitors is a trusted revenue stream made even more attractive as it is not paid for my local residents! Even during the economic downturn when drastic cuts were made to the budgets of the municipalities I represent, the dollars invested in the convention and visitors bureau remained intact. Why? Because the investment in tourism promotion has a proven track record of performance and in tough economic times the incremental revenue brought in by visitors is more important than ever.

Dollars derived from tourism is also an important mechanism for funding economic development initiatives. In the City of Evanston, for example, the hotel tax fund the Economic Development Department and all of the initiatives they undertake to bring technology, retail, and

manufacturing businesses to the city. Thus, not only does the tourism industry benefit the businesses themselves that count and can only thrive with visitor dollars, but the taxes derived by increased visitation is the backbone of the entire city's economic development plans.

Of all of the revenue sources that flow in to the state of Illinois, the hotel tax revenue is growing faster than all other state taxes- higher than liquor, sales, cigarette, motor fuel, gaming or income taxes. (See Addendum). In 2012, the hotel tax in Illinois increased 23.42% over the prior year. The travel and tourism industry has rebounded back to the levels we were at before the recession. How many other industries can boast this?

And of course one of the main metrics of economic health is jobs. On Chicago's North Shore, 1 out of every 10 jobs is related to hospitality and tourism. When the recession ended, hotels and restaurants immediately brought on new employees to meet the demand. Though many front line jobs in our industry are entry-level, many are not and our industry is very proud of the fact that we nurture, develop and promote talent. Show me a General Manager of a major hotel and I'll promise you he or she started as a bell man or at the Front Desk during college! Our jobs cannot be outsourced and we immediately have the infrastructure to hire staff quickly.

In 2010, The Travel Promotion Act was signed into law which resulted in the creation of Brand USA allowing our country to have a national advertising presence in the international marketplace. Prior to its establishment, The US had no cohesive national presence and other country's benefited from our absence by taking our visitors! In a short time, Brand USA has established advertising programs that have allowed states, convention bureaus and private tourism companies the ability to co-market our product and be a part of this big effort. For my area, it allows me to finally market internationally in a way that was not available to me previously or was completely cost prohibitive. Partnering with Brand USA and the State of Illinois, I will now have videos and online marketing materials in different languages backed by

the advertising force afforded Brand USA. My constituents are thrilled and we finally feel that the tide has turned in fighting for the international visitor dollars.

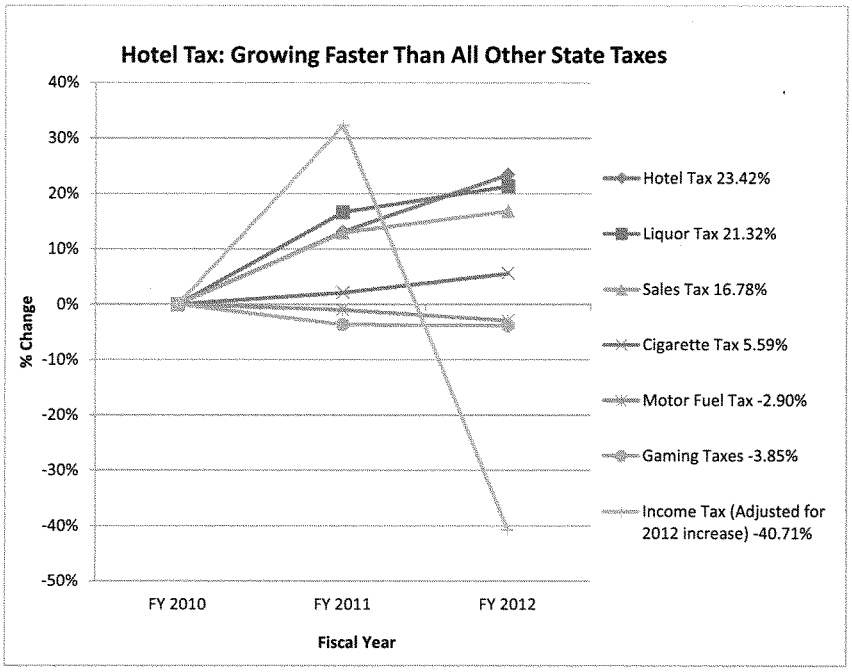
Now that Brand USA has an established focus to position the U.S. as a premier destination for international visitors, we need to continue the momentum of increasing the amount of visitors coming to our country. Passage of the JOLT Act (H.R. 1354) would allowing travelers from countries closely tied to the U.S. (Poland, Israel, Chile and Brazil) to be part of the Visa Waiver Program, expand the successful Global Entry Program, and reduce visa wait times. I encourage you to include provisions of the JOLT Act in any comprehensive immigration reform package and encourage member of the House to co-sponsor H.R. 1354. Also the Travel Promotion Act which created Brand USA is up for reauthorization in FY 2015, it is important that we maintain a national tourism sales effort on a national level as it works and all of us at the local level are depending on it.

Thank you for allowing me to testify.

Gina Speckman
Executive Director
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Skokie, IL 60077
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Addendum

Growth of Taxes – State of Illinois



Mr. TERRY. Mr. Witsell, you are recognized for your 5 minutes.

STATEMENT OF RALPH WITSELL

Mr. WITSELL. Thank you, Chairman Terry and distinguished members of the subcommittee, and the Ranking Member Waxman also, for having me here.

For the record, I am Ralph Witsell, the executive director of the Discover Torrance Visitors Bureau. We are a 501(c) nonprofit organization funded by the Torrance hotels of 50 or more rooms.

And for logistics, Torrance, California, is situated about 12 miles south of the Los Angeles International Airport. And our goals are designed to increase the economies of the city through sustained growth in tourism spending, which results in significant increases in the economic impact of the areas of earnings, tax collections, and jobs.

We have come to Washington to demonstrate how tourism impacts economic development. The U.S. Travel Association, in March of this year, announced that travel and tourism generates $2 trillion for our economy and supports one out of every eight of our Nation's jobs. These results have been achieved with an industry becoming more focused and unified while working together.

And I would like to localize my approach to the subject of tourism, collaboration, and jobs. Like so many working Americans with me, my position was eliminated and I was laid off in early 2010, and I became a statistic in regards to unemployment. I was fortunate to land a tourism job and really appreciated and respected a community that developed this tourism organization and allowed me to be the next new job in California. In turn, I needed an assistant and a sales manager, and just like that, tourism created two more jobs. Wow, this system is great.

The incremental room nights my staff has booked impacted hotel revenue, as well as the dollars the visitors have spent in my community have definitely been a plus. Here we are, little Torrance, California, now getting our share of the California drive market, plus a few meetings.

I know, small stuff when you look at the big picture regarding tourism and all the discussion here today, but it gets better. I am a huge supporter of collaboration and realize that regional marketing creates even more economic development. So I approached my neighboring cities, Manhattan Beach, Hermosa Beach, and Redondo Beach, and we agreed to market the region as "the Beach Cities, South Bay, Los Angeles." So now I am not just promoting one city but my city, Torrance, as the gateway to the South Bay's beach cities. This new recognition makes the region much more marketable, accessible, and provides a true southern California experience for the visitor.

Now, Discover Torrance is primed to be a player in the international arena. But even with the partnership with the beaches, it probably won't be enough of a factor to say to a young middle-class Chinese couple searching on the Internet in Shanghai to focus on the South Bay of Los Angeles for their first visit to the United States. This is where we collaborated with Visit California, our State's tourism agency, and, also, we are soon going to collaborate with Brand USA, who both regularly travel abroad hosting sales

missions to promote California. These cooperative opportunities allow smaller communities to promote their respective regions right along with well-known icons such as Disneyland, Universal Studios, Hollywood, Beverly Hills, and Los Angeles.

In closing, I would like to state that California is reaping the fruits of our labor, as international travel is California's top export. According to Visit California, the $19.1 billion spent in California in 2011 was equal to the combined value of the State's top four product exports.

According to a January 2013 report by the Legislative Analyst's Office, "Employment in the leisure and hospitality sector consistently outpaces almost every other industry. Even during the great recession, while California was shedding 1.3 million jobs, travel businesses lost fewer than most. And leisure and hospitality has recovered quickly, adding more than 100,000 jobs since February of 2010. And it is the number-five employer with the State."

And, with that, Mr. Chair, that concludes my testimony.

Mr. TERRY. Well done. Thank you.

[The prepared statement of Mr. Witsell follows:]

Written Statement
Ralph Witsell
Subcommittee on Commerce, Manufacturing and Trade -- "Vacation Nation: How Tourism Benefits our Economy,"
May 7, 2013

I am Ralph Witsell, executive director of the Discover Torrance Visitors Bureau which is a 501 c6 nonprofit organization funded by the Torrance hotels of 50 or more rooms. Torrance, CA is situated about 12 miles south of the Los Angeles International Airport and our goals are designed to increase the economies of the city through sustained growth in tourism spending which results in significant increases in the economic impact of the areas of earnings, tax collection, and jobs.

We have come to Washington to demonstrate how Tourism impacts economic development. The US Travel Association in March of this year announced that Travel & Tourism generates $2 Trillion for our economy and supports one out of every eight of the nation's jobs. These results have been achieved with an industry becoming more focused and unified while working together.

I would like to "localize" my approach to the subject of tourism, collaboration and jobs.
Like so many working Americans with me, I was laid off in early 2010 and became a statistic in regards to unemployment. I was fortunate to land the Torrance job and really appreciated and respected a community that developed this Tourism organization and allowed me to be the next new job in California. I, of course, needed an assistant and a sales manager and just like that, two more jobs created! Wow, this system does work! The incremental room nights my staff has booked impacted hotel revenue as well as the dollars the visitors have spent in my community have been a plus. Here we are, little Torrance, CA now getting our share of the California drive market plus a few meetings. I know, small stuff, when you look at the big picture regarding Tourism. It gets better - I'm a huge supporter of collaboration and realize that regional marketing creates even more economic development so I approached my neighboring cities, Manhattan Beach, Hermosa Beach and Redondo Beach and we agreed to market the region as "The Beach Cities, South Bay, Los Angeles" so now I'm not just promoting one city but my city, Torrance as the Gateway to the South Bay's Beach cities. This new recognition makes the region much more marketable, accessible and provides a true Southern California experience for the visitor. Now,

Discover Torrance is primed to be a player in the international arena. But with even the partnership with the Beaches probably won't be enough of a factor for say a young middle class Chinese couple in Shanghai to focus on the South Bay of Los Angeles for their first visit to the United States. This is where we collaborated with Visit California, our state's tourism agency who regularly travels abroad hosting sales missions to promote California. These cooperative opportunities allow smaller communities to promote their respective regions right along with well known icons as Disneyland, Universal Studios. Hollywood, Beverly Hills and all of Los Angeles.

In closing, I would like to state that California is reaping the fruits of our labor as International travel is California's top export. According to Visit California, the $19.1 billion spent in California in 2011 was equal to the combined value of the state's top four product exports.

According to a January, 2013 report by the Legislative Analyst's Office "employment in the leisure and hospitality sector consistently outpaces almost every other industry. Even during the Great Recession, while California was shedding 1.3million jobs, travel businesses lost fewer than most, and leisure and hospitality has recovered quickly adding more than 100,000 jobs since February 2010 and it is the number 5 employer in the state.

Thank you for this opportunity to share with you how Tourism impacts economic development in the "Beach Cities – South Bay – Los Angeles".

One page summary of Testimony by Ralph Witsell, Executive Director of Discover Torrance Visitors Bureau
"Vacation Nation: How Tourism Benefits our Economy"
Subcommittee on Commerce, Manufacturing, and Trade
May 7, 2013 at 10:30am

The major points of my testimony are:

- Tourism generates dollars into our economy
- Tourism creates and maintains jobs in the marketplace
- Regional marketing through coloration creates economic development
- International Travel is California's top export

With regards,

Ralph Witsell
Executive Director, Discover Torrance Visitors Bureau

Mr. TERRY. And, Ms. Nicholson-Doty, I appreciate your attendance. You are recognized.

STATEMENT OF BEVERLY NICHOLSON-DOTY

Ms. NICHOLSON-DOTY. Good afternoon, Chairman Terry and subcommittee members. Thank you for this opportunity. I am Beverly Nicholson-Doty, commissioner of tourism for the U.S. Virgin Islands, and I bring you greetings from my home and on behalf of the Caribbean Tourism Organization, which I chair.

The President's Executive order announcing a set of initiatives to significantly increase travel and tourism in the United States is a major step forward for the world's biggest travel and tourism economy. It is also an opportunity for our territory, the USVI, to look at how we might secure new opportunities arising from this bold initiative.

We welcome the administration's goal of attracting 100 million international travelers by 2021. Since the announcement, we are pleased to learn strong progress has been made, both through the Executive order establishing a national travel and tourism strategy and through a series of improvements to the visa processing.

The government's comprehensive approach will benefit our growing industry by drawing on the skills of different parts of the U.S. Government. We respectfully urge you to ensure that the Department of Commerce receives the support to enhance the profitability of an industry which supports the direct employment of more than 7.7 million Americans.

We are most encouraged by the launch of Brand USA's international campaign to increase visitation to the United States. The U.S. is seeing increased demand in the global travel market, and we look for ways of attracting some of these new visitors to our shores.

The President's strategy to expand the Visa Waiver Program, coupled with increased funding for U.S. Customs and Border Protection and TSA, strengthens national security while encouraging legitimate overseas visitors. Full funding of the FAA programs also strengthens our safety and security efforts. Expanding the program will create jobs and bolster our economy by welcoming millions of new international visitors to the United States.

We urge our Federal authorities to review visa and entry procedures for cruise passengers. Currently, some cruise lines are avoiding U.S. Ports on their itineraries. One reason cited is the extensive time to process foreign arrivals. This makes disembarking a lengthy and costly process.

The development of the National Travel and Tourism Strategy is critically important for smaller parts of the country like the U.S. Virgin Islands because, among others things, it stresses the need to focus on all our country's tourism destinations in a more consolidated fashion. This is much needed for offshore destinations like Puerto Rico and the U.S. Virgin Islands.

It is critically important for island territories of the United States to have a voice in the implementation of the President's initiative to ensure our distinctive issues are addressed. We can also bring a unique perspective to the design of this plan.

In the U.S. Virgin Islands, the tourism industry is now even more critical since the closing of the Hovensa oil refinery on St. Croix.

This event caused the loss of thousands of jobs, with an estimated 20 percent impact on our economy.

In addition, the extremely high cost of energy in the U.S. Virgin Islands places enormous pressure on the tourism industry's bottom line. As an island territory, we are especially reliant on airlift, so the Department of Commerce Survey of International Air Travelers is a particularly valuable source of information.

We regard airlines as an integral part of our infrastructure. Just like roadways and bridges on the mainland, without these aerial highways, we cannot fly visitors to our islands. Without reliable airlift, we would be confined to the backwaters of the global economy and perhaps be a drain on the U.S. taxpayers. We will all benefit from the information collected, and we urge Congress to support the continuation of this survey called for in the Travel Promotion Act.

Another critically important issue is devoting resources to develop our sustainable tourism industry. This is especially true for a territory, like ours, rich in natural resources and cultural heritage. Working in partnership with Federal agencies to conserve our natural resources while making them more accessible to travelers is an important step in the enhancement of tourism.

In closing, tourism sustainably developed and in harmony with a national tourism strategy enhances our environment, our culture, our wealth, our education, our health, and our security, and a vibrant visitor industry keeps our people gainfully employed.

Thank you.

Mr. TERRY. Well done.

[The prepared statement of Ms. Nicholson-Doty follows:]

"Vacation Nation: How Tourism Benefits Our Economy"

Commissioner Beverly Nicholson-Doty, United States Virgin Islands

Good Morning:

Congressman Lee Terry and members of the Committee on Energy and Commerce.

I am Beverly Nicholson-Doty testifying on behalf of the Government of the United States Virgin Islands.

I bring you greetings on behalf of the Government and people of the United States Virgin Islands where I have the honor to serve as Commissioner of Tourism. I also extend greetings on behalf of the 32-member Caribbean Tourism Organization (CTO) which I chair. The United States Virgin Islands and Puerto Rico are active members of this organization.

President Obama's Executive Order announcing a suite of initiatives to significantly increase travel and tourism in the United States is not only a major step forward for the world's biggest travel and tourism economy, but it is also an opportunity for our Territory, the United States Virgin Islands, to look at how we might secure new opportunities arising from this bold initiative.

We welcome the Administration's goal of attracting 100 million international travelers to the US by 2021. Since that announcement we are pleased to learn strong progress has been made both through the executive order establishing a National Travel and Tourism Strategy and through a series of improvements to visa issuance. We have seen progress in facilitating international travel to the United States.

The Government's comprehensive approach will continue to benefit our growing industry by drawing on the skills of different parts of the US Government. We respectfully urge Congress to ensure the Department of Commerce, as the lead agency, receives the support to continue to enhance the profitability of an industry which supports the direct employment of more than 7.7 million Americans.

We were most encouraged by the launch of Brand USA's international campaign to encourage increased international visitation to the United States and an improved, streamlined visa process. The US is seeing increased demand in the

global travel market and we look for ways of attracting some of these new visitors to our shores.

The President's strategy to expand the Visa Waiver Program, coupled with increased funding for US Customs and Border Protection and the Transportation Security Administration, strengthens national security while encouraging legitimate overseas visitors. Full funding of the Federal Aviation Administration programs also strengthens our safety and security efforts.

Expanding the Visa Waiver Program will create jobs and bolster our economy by welcoming millions of new international visitors to the United States. For example, the US Travel Association estimates if Brazil and Chile were admitted to the Program, it would double visitation quickly from these countries, thus generating $10.3 billion in export revenues and supporting an additional 95,100 American jobs. Long-haul travelers to the US spend on average US$4,000 on each visit. So, we applaud the president taking much-needed steps to expand the visa waiver program.

The Tourism Industry is now even more critical for the USVI since the closing of the Hovensa oil refinery on St. Croix. This event caused the loss of thousands of jobs with an estimated 20 percent impact on our economy. In addition the extremely high cost of energy in the US Virgin Islands places enormous pressure on the tourism industry's bottom line.

Diversification of our tourism product is necessary spanning from budget to luxury. However, this diversification in the current economic environment is difficult and places a heavy demand on our infrastructure and environment. It also directly affects our competitiveness, as we operate in the most tourism dependent region of the world.

We urge our Federal authorities to adjust visa procedures for cruise passengers. Currently, some cruise lines are opting to avoid US Ports on their itineraries because of the extensive process for clearance. This makes disembarking the ship a lengthy and costly process.

As an island territory, we are particularly reliant on airlift so the Survey of International Air Travelers is a particularly valuable source of information. It provides us data to determine what is required to ensure our destinations can be reliably served by efficient air service.

We regard airlines as an integral part of our infrastructure, just like roadways and bridges on the mainland. Without these "aerial highways" we cannot fly in visitors to our islands. Without reliable airlift we would be consigned to the backwaters of the global economy, and perhaps, a drain on the US taxpayers. If we are to be serious about growing international travel, and about driving it to all destinations in the US, we will need the information collected and we urge Congress to support continuation of the Department of Commerce Survey of International Air Travelers as called for in the Travel Promotion Act.

The development of the National Travel and Tourism Strategy is critically important for smaller parts of the country like the US Virgin Islands because, among other things, it stresses the need to focus on all our country's tourism destinations in a more consolidated fashion. That is much needed for offshore destinations like ours and Puerto Rico.

It is critically important for island territories of the United States to have a voice in the implementation of the President's initiative to ensure our unique issues are addressed. We can bring a unique perspective to the design of the President's plan.

In the tourism industry increasing the length of visitor stay is import. Our location can be used to leverage additional days for visitors who extend their visits to the US by experiencing the islands of the USA.

Our economy needs the economic boost from more tourists. We will look at how we in the US Virgin Islands can harness the increased visitors from Brazil, China and other beneficiary countries. We expect the influx in tourists to the United States to benefit the Caribbean as a whole, especially from long haul destinations.

We would also support any initiatives which would elevate tourism development to cabinet level status, which after all is commensurate with its almost $2 trillion annual contribution to the national economy.

You know the figures: travel is the number one export in America. Travel and tourism means jobs and provides answers to our nation's increasingly complex economic challenges.

New Yorkers know this only too well.

After the terrible events of September 11, New Yorkers, perhaps for the first time, realized how big tourism was when they lost it. But they also saw how resilient an industry it was and how it led to the City's recovery. Knowing you could help the world's greatest city back on its feet by visiting it was a huge boost for recovery efforts.

The US Travel Association estimates that the industry generated $129 billion in tax revenues for local, state and federal governments.

Imagine, were it not for this industry, each American household would pay more than $1,000 in additional taxes without the tax revenue generated by travel and tourism.

The US Travel Association reiterated that travel jobs cannot be outsourced; while other jobs have been shipped overseas, jobs tied to national parks, iconic cities and beautiful shorelines can no more be outsourced than the attractions themselves.

In turn, these travel-related jobs give American workers a first foothold on the job ladder and provide valuable skills and education that lead to rewarding careers.

The vast majority of travel businesses employ 10 or fewer people. And, an overwhelming majority of the small tourism enterprises are owned by women.

If further supported by responsible policies, travel can contribute to a strong, upwardly mobile job market and expand opportunities for American workers, especially women and youth, to succeed.

We take this relaxation business seriously and we will continue to enact policies to enable responsible tourism to lead the growth of our economy while providing memorable experiences for those of you who visit our shores.

We think committing to responsible tourism is a smart decision because figures confirm sustainable tourism not only preserves valuable resources for the enjoyment of future generations, but it also produces profits in the present.

Devoting resources to develop a sustainable tourism industry for today and the future has a very strong potential for a high return on investment. This is especially true for a territory like ours - rich in natural resources and cultural heritage. Other regions, with few natural attractions, have profited from sustainable management and conservation of their resources.

But, we can do so much better in partnership with Federal agencies helping us conserve our natural resources while making them more accessible to responsible travelers on land as well as on, and under, our waters.

The National Parks Service, for example, could also guide us in preparing our landscape and seascape for visitors and for conservation as well as sharing their smart partnership lessons with the private sector.

We look forward to participating in the increasing development of educational models to ensure the best and brightest of our youth can select tourism as their first, and not last, resort for a career and contribute to efforts to make the US Virgin Islands a world leader in sustainable tourism.

As one of the most tourism-dependent areas of the country, it is crucial to ensure our constituents fully understand the preservation of these valuable natural and cultural resources will determine our success in the future.

We have to pay close attention because it is our very success which can threaten our most valuable assets, and visitors are becoming increasingly aware of the potential negative impact of tourism on the natural beauty, cultural and historical offerings of a destination if not managed well.

They want to feel their visit contributes to the conservation and enhancement of a destination's environment, culture, health and general well-being.

Visitors are now relentless in their pursuit of destinations, accommodations, activities and attractions which have implemented sustainability practices and policies.

We recognize many of our enterprises are at varying stages of environmental consciousness so we must work together with relevant federal authorities to ensure we can provide the enabling environment for an industry seeking to maximize its sustainable tourism development.

And, we must educate our industry to the tangible benefits of sustainable practices and how to make those profitable. Our private sector has to be given an enabling environment and equipped with the tools it needs to flourish and prosper.

Sustainability speaks to more than the preservation of the environment – it is about the preservation of a people's culture and heritage. To assist in this effort we should work with our friends in community-based organizations. These groups, partnering with mainland organizations, can help develop our community benefit tourism and assist us in government to design inputs to future national travel and tourism strategies.

The sensitive planning of responsible tourism is no longer just a "feel good" activity but an essential component of a sound national tourism strategy. Sustainable tourism is good tourism policy. It is good for the people of our nations, it is good for the visitor experience, and it is good for business and local communities. Indeed, it is now a fact that we can "earn green by being green."

The Caribbean, where the USVI is located, has long been a leader in tourism but we cannot rest on our laurels – we have to keep refreshing our product. We are one of the world's most desired destinations, but the time has come for us to put our heads together and up our sustainable tourism development game to ensure we remain in the lead.

I urge you to ensure our National Travel and Tourism Strategy uses the US Virgin Islands as an arm of friendship as well as of sound regional cooperation. After all, a healthy Caribbean tourism industry means more visitors coming through the mainland to get there. It's a win-win.

I'm sure there is no need for me to remind you that vibrant tourism industries provide jobs in the islands and elsewhere - thereby reducing the need to migrate to the US.

And, of course, you know the most effective way to increase security is to provide ample jobs for a dynamic economy backed by vibrant democratic institutions.

In closing: tourism sustainably developed and in harmony with a national tourism strategy, enhances our environment, our culture, our wealth, our education, our health, and our security. And a vibrant visitor industry keeps our people gainfully employed.

Key Tourism Facts

- Tourism is without question is the US Virgin Islands' largest export sector/
- It helps to diversify our economy.
- Helps to promote an entrepreneurial class, stimulates investment, creates jobs and advances social development across local communities.

Economic Impact

- Approximately 15% of the Caribbean region's GDP is derived directly from tourism
- In 2011 there were approximately 24 million stay-over visitors in the region
- In 2011 there were approximately 21 million cruise visitors in the region
- There are approximately 1.9 million individuals employed in the tourism industry in the region
- The World Travel and Tourism Council forecasts Travel and Tourism's contribution to the Caribbean's GDP will be $70 billion by the year 2021

How Congress can help

- We would like to participant meaningfully in the execution of the National Travel and Tourism Strategy.
- We would like continued funding of the Department of Commerce Survey of International Air Travelers.
- We respectfully request the expansion the Visitor Waiver Program to include Brazil, Chile and other Latin American countries.
- We support Brand USA's international campaign to encourage increased international visitation to the United States.
- We support the calls for the elevation of tourism development to cabinet level status.

In the US Virgin Islands

Travel & Tourism accounts for roughly 30% of GDP for the US Virgin Islands (30.4% in 2011 according to the World Travel and Tourism Council (WTTC) study commissioned by the Caribbean Hotel and Tourism Association (CHTA); and is a key driver for capital investment (to the tune of US $410 million in 2011). In terms of employment, Travel and Tourism directly or indirectly employs approximately 1 out of every 3 people in the USVI.

Mr. TERRY. I will start the first questions with you, Ms. Nicholson-Doty. You had mentioned with the cruise industry the—will you describe again the problems when they want to pull into a port in the United States and the visas? You had mentioned there is a problem.

Ms. NICHOLSON-DOTY. Yes.

Mr. TERRY. Please state that again.

Ms. NICHOLSON-DOTY. Yes. There is a movement among several of the smaller but very upscale cruise lines where they are avoiding U.S. ports. We find that they are homeported in other places outside of the U.S., and the reason being is that if it takes 2 or 3 hours for a cruise line to clear on embarking in a territory, it affects our commerce, it affects their bottom line. And, therefore, they are avoiding U.S. ports.

Mr. TERRY. Is this something inherent to the Virgin Islands, a territory, versus Miami?

Ms. NICHOLSON-DOTY. I think that we are seeing some of the smaller lines, where they indeed have a higher demographic, that they are avoiding U.S. ports all together.

Mr. TERRY. OK. That is interesting.

We actually invited the cruise industry to be part of this panel, and they declined. I am not sure why. They are a big part of it. So I am a little disappointed in that. But that is interesting that you bring that issue up.

For Mr. Witsell and Mr. Seccombe, you come from big States with big budgets for tourism. Some detractors of Brand USA would say there isn't a need for a redundant Federal program. Do you believe it is redundant? How do the two work together?

Mr. Seccombe, you first, then Mr. Witsell.

And, by the way, Mr. Witsell, I think it is interesting, in your testimony you said that you were going to use Brand USA. So I think you have a little slightly different perspective on this than Mr. Seccombe from Florida.

Mr. SECCOMBE. Mr. Chairman, I believe it is important to recognize that the global tourism industry is hypercompetitive, and the United States and every destination within the United States are competing against countries and destinations around the world for precious, you know, vacation time and hard-earned dollars. And, again, it is incredibly competitive. And the United States having the opportunity through Brand USA to compete at an international level will—again, from my perspective, a rise in tide raises all ships. And Florida, as a, you know, number-one travel destination in the world, it is going to benefit from that.

However, I think we are also a microcosm of the United States, as well. Florida has 19 million people. We have Miami and Walt Disney World and some great businesses. But, also, as we talk about cultural and heritage, this is our 500th year since Juan Ponce de Leon landed in Florida. And we spend an awful lot of time making sure that every destination within the State has the opportunity to capitalize on what is our biggest industry.

So I think Brand USA is faced with a similar challenge as we have, is that it is not just the big destinations or the big ports, but once we expose travelers from around the world to the United

States, they will travel across the United States, and their money will follow.

Mr. TERRY. Mr. Witsell?

Mr. WITSELL. Thank you, Chairman Terry.

In regards to Brand USA or either Visit California, basically our challenges as a smaller, say, secondary destination is we need recognition. And so, by collaborating with these two organizations and being able to take advantage of their distribution channels, of their sales missions in, say, Shanghai or China or Mexico or Canada, it just makes sense, in regards to my smaller budget, for me to take advantage of the expertise in the international market.

I have been with the Torrance Bureau, running it for the last 7 months. And, basically, there has always been a feeling within California to support Visit California. But if you look at the opportunity to make sure that we are not missing anything, I think it behooves us to look at every opportunity available.

Mr. TERRY. Quickly, for each of you, starting with the gentleman from Florida, Mr. Seccombe, tell me what you feel is the greatest barrier preventing or inhibiting in any way foreign travelers from coming into your area.

Mr. SECCOMBE. I believe the single biggest challenge right now is one of marketing and continuing to raise awareness of the United States as a destination, certainly Florida.

We do have challenges that I think continue to be important with our border control and making sure that we are providing, one, security on one hand but also a welcoming experience on the other, to make it easy so that visitors from around the world are not coming to our airports and waiting 3 or 4 hours to clear customs and to go through border security. So I think that that would be the single biggest issue near-term.

And I think long-term our challenge is going to be to continue to invest in the transportation infrastructures, that we provide the kind of welcome that visitors are accustomed to.

Mr. TERRY. Well, this is a little bit more of a lightning round, with 1 minute left.

Ms. Zadra?

Ms. ZADRA. The lightning-round or the easy answer would be: Ditto, absolutely ditto for the State of Nevada. The transportation piece is critical for us, as is the marketing budget.

I would add to that a severe need still for the easier, more timely issuance of the visas. It has had a remarkable, in a negative way, impact on the State. We had an experience in Reno alone where an international piece of business that we sought and achieved actually performed at about 20 percent of its international draw because of the visa issue.

Mr. TERRY. Ms. Speckman?

Ms. SPECKMAN. I think customs and the experience of the traveler coming into Chicago O'Hare is an issue for us. We just started and the city of Chicago is investing $5 million in upgrading our airport, but it still doesn't address the customs issue and the staffing of customs, which are not part of the airport's control. You can have a plane landing and you will have 300 people come off and only 2 people working. And it has to do with issues of hiring and hours and union rules. But the experience of the traveler is waiting

in line for hours in a very unwelcoming environment of an older airport.

So a lot of our gateway airports, you know—every time I am in the airport in New York, there are buckets. Anytime it rains, there are buckets on the floor. The infrastructure of our airports compared to our competitors in the world is lagging.

Mr. TERRY. All right.

My time has expired. I apologize, Mr. Witsell and Ms. Nicholson-Doty.

Now I recognize the gentlelady from Chicago, Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you.

So, visits to the United States are highly concentrated in five States. I am sure everybody knows them: New York, Florida, California, Nevada, and Hawaii. I am sure that many visitors also come to the U.S. Virgin Islands.

And it has always been sort of, I don't know, frustrating to me, when I talk to international visitors, why more of them don't come to the central part of the country, don't come to Chicago, to the Midwest. I was encouraged by what Mr. Dow said earlier about visitors looking for authenticity and wanting to get a real feel of the United States. And there is no more welcoming place, I think, than the Midwest and Chicago.

So I am wondering, Ms. Speckman, how do you broaden the base? I certainly want visitors to go to all these other places, too, to these five other States who depend so much on tourism, but how do you broaden the base? And how has Brand America helped do that?

Ms. SPECKMAN. Well, Brand USA has——

Ms. SCHAKOWSKY. Brand USA.

Ms. SPECKMAN. You know, it just started, too. And the State of Illinois is now a partner with Brand USA. And, just last week, it announced a program to all the convention bureaus in Illinois which will allow us to co-op and market our areas and produce collateral and video in different languages that is now affordable to us. Through Brand USA and through the State underwriting a major portion of it, we now can get involved.

And, really, now, what we do in trying to get the travelers to come to the Midwest and Chicago is to market to what people are looking for, and that is experiences. Yes, people know the big-name cities, but people really want to come and see the United States. And a big draw in our area is Route 66, which starts in Chicago and goes to California.

We rely heavily, too, on some icons we have, like Lincoln. The movie "Lincoln" premiered this year, won the Academy Award. Well, they did a lot of promotion in the openings, the State of Illinois did, in Europe when that movie opened.

So what we are really trying to do is show Chicago as a city. A lot of times, it takes people coming to Chicago to see how beautiful it is, and returning. And we——

Ms. SCHAKOWSKY. People are often shocked by that.

Ms. SPECKMAN. They are always shocked by that.

Ms. SCHAKOWSKY. I know.

Ms. SPECKMAN. Exactly. They are always shocked that they always love it. That is why it is very important that we are hosting

all the tour operators from around the world in Chicago in April 2014, because they will see our area. And I am bringing them up to the North Shore, too.

Ms. SCHAKOWSKY. I wanted to ask you that, too. I saw you kind of identifying it, it has felt like, with Mr. Witsell, talking about, you know, Chicago is one thing, but then how do you get people out of the city and come to the North Shore? I mean, what are the messages that you want to convey, and what are the conveniences or whatever? What is the attraction?

Ms. SPECKMAN. Well, we work a lot with Choose Chicago, which is the Chicago bureau. And we are in their visitors centers, we take part in a lot of their advertising and marketing programs, so that people that want to see the Chicago Botanic Garden, which is actually not in the city of Chicago but on the North Shore, or want to come to Northwestern University or the Baha'i House of Worship, which is the only one in the Western Hemisphere, let alone the United States——

Ms. SCHAKOWSKY. I just took some visitors there last weekend, yes.

Ms. SPECKMAN. Yes, I mean, that is on the North Shore. So people think things are in Chicago when really they are in the outlying regions. So we really try to work together to do that.

Also, I have collateral that I do that tells downtown concierges to tell people how to take the city train: This is the stop you get at, this is how many minutes it takes, here is what you can do when you get off on the L or the metro station in Chicago on the North Shore.

And then, also, we kind of try to work and we market to people before they come to the area. You can take the Chicago train from Evanston to a Cubs game quicker, easier, and cheaper than you can from staying downtown, where it costs $50 a night to park and $300 a night to stay in a hotel.

Ms. SCHAKOWSKY. And how are you funded? And how are these travel organizations funded?

Ms. SPECKMAN. Well, every State is different and every bureau is different. But, in Illinois, half of the funding of most of the bureaus comes from the State of Illinois. It has a very aggressive tourism program.

Ms. SCHAKOWSKY. OK.

Ms. SPECKMAN. So a 6 percent hotel tax goes to the State, and we get a portion of it. So that is half of our funding, and the rest is through municipality support and membership.

Ms. SCHAKOWSKY. OK.

Unfortunately, my time is up. Thank you very much.

Mr. TERRY. Thank you.

And, by the way, according to our tourism, the most visited place by Omahans is Chicago.

Ms. SCHAKOWSKY. Yes.

Mr. TERRY. So, you are welcome.

Now, Dr. Christensen, you are recognized for your 5 minutes.

Mrs. CHRISTENSEN. Thank you. We would welcome them to the Virgin Islands, too. But thank you.

And thank you, Ms. Speckman, for mentioning the travel and tourism task force that we have here, the steering committee. I

have been on it since coming to Congress, and I am glad that they are becoming active again.

I would like to ask my commissioner a question.

2017 is a big year for the Virgin Islands that is probably not well-known. Could you explain what it is and maybe some of the plans of how we can use that time to expand on our tourism product and what role maybe the subcommittee or Congress should be playing in it?

Ms. NICHOLSON-DOTY. Well, we have two important things. First of all, it celebrates our transfer from—2017 will celebrate 100 years of our transfer from Denmark to the United States. So this is a major event for us in the U.S. Virgin Islands.

Also, it represents 7 percent of our—7 percent of our business is international business. Of that, a full half comes from the Scandinavian countries. However, there are cities within the U.S., like Solvang, California, where there is a very heavy Danish population. What we are looking at for 2017 is how we make that entire triangle. We look at visits from Denmark to the U.S. Virgin Islands, which we have been extremely successful with, but also how do we tie it in and in some cases to smaller areas in non-major cities in the U.S. where we can have linkages.

Mrs. CHRISTENSEN. Denmark, South Carolina. Minnesota, where there are——

Ms. NICHOLSON-DOTY. Absolutely.

Mrs. CHRISTENSEN [continuing]. A lot of Scandinavians, as well. Thank you.

I just wanted to make a couple of comments, as well, apart from the fact that I wanted to highlight the fact that we will be celebrating 100 years of being a part of the United States family in 2017. But one thing that always troubles me, and I notice that government travel is just a very small percentage of U.S. travel, but any travel to the U.S. Virgin Islands by Congress or by government agencies is always seen as a junket.

And, you know, I would like to invite this subcommittee to begin to change that by perhaps having a hearing in the U.S. Virgin Islands to discuss some of the concerns that we have—some of the concerns that we have that come under the jurisdiction of the subcommittee.

One other area that is important to us—and I don't know if you wanted to comment on this. Well, I probably shouldn't ask you to comment on it, as chair of CTO. But, you know, the Virgin Islands adheres to all the minimum wage—the minimum wage, all of the labor and other laws. And so that makes us somewhat noncompetitive with some of our Caribbean neighbors who don't have to pay the high wages or be in accord with some of those laws.

We do have the benefit of duty-free. And, at some point, I know this is not in the committee's jurisdiction, but we would be asking to increase our duty-free allowance to make us more competitive with our Caribbean neighbors. And we would ask for the support of both the industry and the committee.

I heard Ms. Matthews talk about, in her response to me, about airports. And are there any plans to improve on our airports, to expand our airports? I don't know where you would grade them on a scale of 1 to 10, but she seemed to put a lot of importance on——

Ms. NICHOLSON-DOTY. Absolutely.

Mrs. CHRISTENSEN [continuing]. The airport experience.

Ms. NICHOLSON-DOTY. Absolutely. And I think that it is a critical area for the Virgin Islands.

We have two airports. The St. Thomas airport, which is considered a medium-size airport, with approximately 700,000 visitors that come through that airport each year, is certainly in need of an upgrade, especially if you compare it to the region, the Caribbean region, in terms of the improvements that are being made.

But as you look internationally, as well, at the airports, airports are a significant source of—it is the gateway, it is the gateway to a destination. And so, looking at our airports is very critical, and the upgrade that is needed in comparison to the rest of the world.

Mrs. CHRISTENSEN. Well, thank you.

I don't have any further questions, but I look forward to having a subcommittee hearing in the Virgin Islands in the near future.

Mr. TERRY. If we can drive there, we can have a field hearing. That is, I think, a new rule.

Mrs. CHRISTENSEN. Oh. Seriously?

Mr. TERRY. Well, it is unstated at this point. None of us have had the guts yet to ask for a field hearing.

So I want to thank all of our witnesses for being here today. That concludes all of the questions that we have for you. Thank you for coming here.

And this is a really important issue. This is about jobs that can't be outsourced and hundreds of billions or even now one gentleman said, when you put in all the indirect jobs and money, it is a trillion-dollar industry. So I want to thank you for being here.

And this won't be our last hearing on the subject. Maybe the last for this month on this subject, but we will have more because of its importance to our economy.

Now, a couple of housekeeping notes. I ask unanimous consent to include in the record a statement from the American Motorcycle Association. And it has been shared with the minority, so——

Ms. SCHAKOWSKY. Without objection.

Mr. TERRY. Without objection then. Hearing none, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. TERRY. And I remind Members that they have 10 days to submit their questions for the record.

And I would ask you guys, if you receive questions from any of the Members, a prompt response is requested. And, by the way, prompt for some, usually with more government agencies, is not 6 months.

At this time, we are dismissed.

[Whereupon, at 12:55 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT

WILLIAM SNODGRASS/TENNESSEE TOWER BUILDING, 25TH FLOOR, 312 ROSA L. PARKS AVENUE, NASHVILLE, TENNESSEE 37243
615-741-9001

SUSAN HINCHCLIFF WHITAKER
COMMISSIONER

BILL HASLAM
GOVERNOR

May 6, 2013

The Honorable Marsha Blackburn
217 Cannon House Office Building
Washington, DC 20515-4207

Dear Congressman Blackburn,

On behalf of the $15.36 billion tourism industry in Tennessee and the more than 143,000 Tennessee jobs generated by that industry, I am writing to update you on the growing importance of the travel and tourism industry in both Tennessee and the United States and the important role of the Federal government in insuring that dynamic job growth continues unhindered.

With travel 'leading the way' as the U.S. economy recovers from a devastating recession, it is now one of America's largest industries, generating $1.8 trillion in economic impact with $759 billion spent directly by domestic and international travelers. Travel continues to outperform other U.S. exports, bucking the trend in March and continuing its steady increase – the eighth in the past 12 months. So far this year, travel exports have grown more than three times faster than other exports.

This industry is also gaining recognition as a vital generator of jobs and a solid foundation for America's prosperity. One in eight Americans is currently employed by the travel industry. The travel and tourism business not only creates current jobs, but also provides millions of Americans a gateway to promising career paths that provide them with the opportunity to join the nation's middle class.

Tennessee's tourism industry is a powerful and rapidly growing economic engine which has created over $1 billion in state and local tax revenues for the past six years. As you know, these dollars provide the funds for critically important essential services, such as education, transportation and health care, to communities across our state.

While the travel industry is making great progress, several important issues have arisen that I would like to bring to your attention and ask for your consideration and support.

There is an unprecedented opportunity for Tennessee as well as the rest of the United States to increase overseas visitation. This is extremely important to the economy as international visitors stay longer and spend an average of $4,455 per visit, considerably more than a domestic visitor. In 2012, international visitors added nearly $130 billion to the U.S. economy, generating more than $19 billion in federal, state and local tax revenues. Tennessee's international visitation increased by 14.6% last year and we are looking forward to an increasing share of these wonderful visitors.

To insure that these increases continue and accelerate, there are several specific issues that need to be addressed at the federal level. We would respectfully ask your support of the JOLT Act, a bipartisan legislation that would leverage the benefits of inbound international travel to the U.S. to increase economic growth, create more jobs, generate additional tax revenue and boost U.S. exports.

The JOLT Act would:

- Modernize and expand the Visa Waiver Program by updating eligibility requirements to allow more travelers from countries closely allied to the United States to enjoy the same visa-free entry that travelers from 37 other countries currently enjoy. This provision alone could increase annual visitation by more than 600,000, adding more than $7 billion to the U.S. economy, and 40,000 additional American jobs, with the addition of ten countries such as Poland, Israel, Chile and Brazil;
- Facilitate the use of secure videoconferencing to conduct visa interviews by authorizing a pilot program to test feasibility;
- Reduce visa wait times with measures that include establishing a goal of interviewing 90 percent of applicants within 10 business days for all non-immigrant visas worldwide, with recognition of the need to concurrently maintain U.S. security and address resource allocation;
- Expand the highly successful Global Entry Program that allows pre-approved, low-risk international travelers the ability to use an expedited clearance process upon entry into the United States. Expediting entry for 'trusted travelers' enables U.S. Customs and Border Protection personnel to focus inspection resources on unknown or risky travelers.

We respectfully ask that Congress include provisions of the JOLT Act in any comprehensive immigration reform package.

In addition to the JOLT Act, I would also ask that Congress support the following initiatives.

- Support for Brand USA and its marketing campaign work for America to boost travel to the United States and help spread American values.
- Support investments to modernize America's travel and transportation infrastructure to enable America to capture increased benefits from inbound international travel to the U.S.
- Support the approval of responsible government meetings, conferences, meetings and events which delivers important services to businesses and individual taxpayers. In 2011, government travel alone supported more than 290,000 American jobs.

Congressman Blackburn, I thank you for your distinguished work on behalf of the people of Tennessee. Working together we can continue to position the United States as the premier destination for travel, creating trillions of dollars in economic impact and millions of jobs throughout America, especially within our beautiful, musical state of Tennessee!

Respectfully,

Susan Whitaker

Susan Whitaker

AMA
AMERICAN MOTORCYCLIST ASSOCIATION

101 Constitution Avenue NW, Suite 600W, Washington, DC 20001
T: (202) 742-4301 F: (202) 742-4302

AmericanMotorcyclist.com

May 1, 2013

The Honorable Lee Terry
Chairman
Subcommittee on Commerce,
Manufacturing and Trade
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Jan Schakowsky
Ranking Member
Subcommittee on Commerce,
Manufacturing and Trade
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Terry and Ranking Member Schakowsky:

The American Motorcyclist Association applauds the subcommittee for holding a hearing entitled "Vacation Nation: How Tourism Benefits our Economy." The passion of motorcycling is shared with millions within the United States and around the world and many wish to experience our culture and famous roads from the East to the West.

Founded in 1924, the AMA is a not-for-profit association and is the premier advocate of the motorcycling community, representing the interests of millions of on- and off-highway motorcyclists and all-terrain vehicle riders. Our mission is to promote the motorcycle lifestyle and protect the future of motorcycling.

For example, our official publication, *American Motorcyclist*, featured a cover story of a 10,000-mile journey across the United States embarked upon by two citizens of the United Kingdom (enclosed). The journey started in Los Angeles and ended in New York City, with many stops along the way. The article provides a remarkable first-hand account that will become a lifetime memory for the riders.

Motorcyclists not only enjoy riding on American roads, they also spend millions of dollars touring and attending rallies. For example, the United Kingdom rider featured in the magazine spent $16,000 in the United States. The 2011 Daytona Beach Bike Week attracted 450,000 riders that spent an estimated $450 million over the course of the 10-day rally. At the 2012 Sturgis rally in South Dakota, there were an estimated 445,700 riders. According to the City of Sturgis, the total economic impact annually for the city, region and the state of South Dakota was nearly $817 million. Finally, Americade is the world's largest multi-brand motorcycle touring rally located in Lake George, N.Y. The rally attracts estimated 50,000-100,000 riders annually and, according to Americade, is the biggest week of business for the Lake George Region resort community, and the biggest single boost to the local economy.

With 220,000 members nationwide, the AMA is the largest member-based, non-profit association in the world advocating for the rights of all motorcyclists. Additionally, the AMA is the only motorcycle association in the United States affiliated with the Fédération Internationale de Motocyclisme. The FIM is the world governing body of motorcycle racing and touring. In 2001, the FIM became an Affiliate Member of the World Tourism Organization.

For the aforementioned reasons, the AMA and its members stand ready to work with the Subcommittee on Commerce, Manufacturing and Trade to help promote tourism in the United States.

Thank you for your time and consideration of our comments. If you have questions, please do not hesitate to contact me by phone, (202) 742-4301, or by email, wallard@ama-cycle.org.

Sincerely,

Wayne Allard

Wayne Allard
Vice President, Government Relations

Enclosure

FRED UPTON, MICHIGAN
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MEMBER

ONE HUNDRED THIRTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6115

Majority (202) 225–2927
Minority (202) 225–3641

September 25, 2013

Mr. Ralph Witsell
Executive Director
Discover Torrance Visitors Bureau
3400 Torrance Blvd., Suite 100
Torrance, CA 90503

Dear Mr. Witsell,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade on Thursday, May 7, 2013 to testify at the hearing entitled "Vacation Nation: How Tourism Benefits our Economy."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by the close of business on Wednesday, October 9, 2013. Your responses should be e-mailed to the Legislative Clerk in Word format at **Kirby.Howard@mail.house.gov** and mailed to Kirby Howard, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, D.C. 20515.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Lee Terry
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade
Attachment

October 8, 2013

Additional Questions for the Record

The Honorable Henry A. Waxman

1. Travel and tourism are important to the American economy and offer the potential for significant job creation across all regions of the country. Last year, in the National Travel and Tourism Strategy, the Task Force on Travel and Competitiveness proposed that federal, state, and local agencies work together, and with the private sector, to encourage Americans to travel within the United States to see all that our country has to offer.

a. In an effort to create a greater awareness for itself as a Southern California destination, the City of Torrance partnered with local hotels and the Torrance Area Chamber of Commerce to develop your organization. Can you describe Discover Torrance's efforts to increase travel to the city? What are some of the methods you use to attract visitors to Torrance?

Discover Torrance is featured in several "traditional" travel magazines that impact our drive market which is the Inland Empire (Palm Springs, Ontario, Riverside, Pasadena, and surrounding areas). Some of those magazines are VIA, SUNSET, WESTWAYS, etc. In an effort to brand our destination and attract overnight visitors, we participate in four marketing campaigns per year. The current campaign is titled "Shop Hop Slumber" and includes a sweepstakes to win a free weekend that includes hotel, a $1,000 shopping spree at the Del Amo Fashion Center and tours to some of the best craft breweries that call Torrance home. The campaign utilizes radio, print, and on line marketing and we measure the success of the promotion by comparing incremental room night production through occupancy and booking reports; site traffic (website, Facebook, twitter, and other social outlets) looking at jumps with unique visitors, pages views, time on site, search engine traffic, bounce rate and source. Discover Torrance is highly visible at travel trade related trade shows like International Pow Wow, Go West Summit, World Travel Market and others. Most of these trade shows are scheduled appointments with potential new tour operators, meeting planners and others who bring visitors to destinations. The Visitors Bureau distributes leads to our stakeholders for them to work directly with these companies.

b. What are some of the challenges you face when trying to appeal to different categories of visitors? Are there different challenges for domestic and international tourists, or for business and leisure travelers?

Torrance's major challenge is "Perception" – visitors just don't think about Torrance as a tourist or meetings destination. We must give them a reason to exit off the "405" and spend some time with us. Our message is that we provide that "true California experience" as we are more laid back than the hustle and bustle of Los Angeles – yet very close to all the Southern California attractions. We position Torrance as a "hub" providing value accommodations, a safe and family friendly community, a most unique beach, food for every taste and culture, and activities found only in Southern California.

c. Your written testimony indicated you are acquainted with the work of the California Legislative Analyst's Office to assess how the travel industry has fared since the recession. What do you believe has contributed to the travel and hospitality industries' strong recovery?

The product we offer is the opportunity for tourists to live like locals enjoying wonderful weather, attractions, culture and the product is "an experience". People love to escape to places to relax, learn, explore and just exist. Our industry provides that! The travel and hospitality industry takes care of its own and the ability for competitors to collaborate for the bigger goal of promoting a region, state or country is quite unique.

d. What do you believe the federal government could do to help organizations like Discover Torrance promote tourism?

It's important that we protect our national security but sometimes our efforts to promote travel to and within the United States becomes a challenge with the restrictions enforced at entry points and customs, visa requirements, unprofessional TSA agents giving the United States an image that we don't care. I feel US Travel, Brand USA, Visit California, the major Destination Management Companies and smaller entities like Discover Torrance work very close to promote travel to our wonderful country and sometimes all our efforts are thwarted by that very first person who greets these visitors coming into our country. Having said that, we have come a long and positive way with visa and passport requirements, wait times, hiring more visa agents and offering more locations but we must continue to work together to welcome people into our great country.

e. Based on your experience with Discover Torrance, do you have any other suggestions for how to promote travel and tourism – both to and within the United States – that you were not able to discuss at the hearing?

I think it's important to be real in your message about your destination encouraging visitors to experience your city. Our tagline is" Torrance, a little bit of everything California" and we promote our weather, our beach, activities, diversity, lodging, etc. as that California experience.

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