



## **Travel Promotion Act FAQ**

### **How quickly will the Travel Promotion Program be up and running, once the President signs it into law?**

When the Travel Promotion Act is signed into law, a series of steps will then take place:

1. First, a board of directors must be appointed to oversee the new Corporation for Travel Promotion. This board will include representatives from seven sectors of the travel industry, including, but not limited to, hotels, aviation, attractions and restaurants. This board will be appointed by the Secretary of Commerce, in consultation with the Departments of State and Homeland Security. The appointment of this board will likely take several months.
2. To fund start-up costs, the Corporation will receive \$10 million in its first year via a \$10 fee on overseas visitors arriving from countries that participate in the Visa Waiver Program. The \$10 fee is collected by the Department of Homeland Security through a new registration program, the Electronic System for Travel Authorization (ESTA). Travelers are expected to complete the ESTA once every two years – thereby assuring that return visitors only pay a fee once every two years. In Year Two and beyond, revenue will come from a public-private partnership involving matching funds from the government for voluntary contributions by the private sector.
3. Next, the board will hire an executive director to oversee the new entity. This individual will be charged with hiring and managing the staff, developing and implementing the marketing plan, and soliciting industry support.

### **How is TPA funded?**

The Corporation for Travel Promotion is designed as a public-private partnership in which both the U.S. Government and the travel industry will have “skin in the game.” Here’s how the funding model will work:

- Visitors traveling from Visa Waiver Program countries will pay a nominal \$10 travel promotion fee (once every two years) when submitting their information via the Electronic System for Travel Authorization (ESTA). Proceeds from this fee will be held in a special account at the Treasury Department.
- Private sector companies and organizations that would benefit from increased international travel will be asked to make in-kind or cash contributions to the Corporation for Travel Promotion (80% can be in-kind, but 20% must be cash). These contributions will be entirely voluntary.

- In Year One, the government will provide \$10 million to the Corporation from funds generated by the new \$10 travel promotion fee paid by visa waiver travelers who do not pay \$131 to obtain an American visa to visit the U.S.
- In Year Two, for every dollar that the private sector contributes, two dollars will be transferred from the government's travel promotion fund to the Corporation (a 2:1 match). In other words, if the private sector's total in-kind and cash contribution is valued at \$20 million, the government fund will match with \$40 million, for a total of \$60 million.
- In Year Three and beyond, for every dollar that the private sector contributes, one dollar will be added from the government fund (a 1:1 match). So, for contributions valued at \$100 million from the private sector, the government will also contribute \$100 million, for a total of \$200 million.
- The maximum amount that the government can contribute is \$100 million, provided that the in-kind and cash contributions of the private sector also equal \$100 million (to reach the total of \$200 million).

### **How does TPA benefit our country?**

The Travel Promotion Act has a simple goal – to increase the U.S. share of the market for international travel and, thereby, maximize the economic benefits of travel and jobs created for the U.S. Oxford Economics estimates that the new well-executed entity, if fully funded, will yield the following:

- A return on investment of 20:1
- 1.6 million new visitors annually
- \$4 billion in new spending annually
- 40,000 U.S. jobs

Virtually every sector of the travel industry would benefit from this level of increased visitation, which would translate into more heads in beds, filled seats on planes, more rental car bookings, more tickets sold at attractions, more tables booked at restaurants, and more goods sold at retail outlets.

### **Won't the bill just benefit the coasts and Las Vegas?**

To the contrary, this new entity will likely be most helpful to the vast array of destinations and businesses that couldn't afford to market themselves to international destinations. For the first time, all destinations across the country will benefit from platforms that are specifically designed to showcase attractions that are "off the beaten path." In fact, the legislation specifically requires the entity to ensure that the Corporation's promotional efforts benefit all 50 states, including areas not traditionally visited by international travelers.

### **Why did we need a Travel Promotion Act? Is this really that big of a problem for the U.S. economy?**

The U.S. has been losing share in the long-haul international travel market for many years as travel globally boomed. Our failure to simply *keep pace* with this growth has cost the U.S. an estimated 68 million "lost" arrivals, \$509 billion in total spending, \$32 billion in direct tax

receipts and 441,000 travel-related jobs that could have been created or sustained in the years over the past decade. There are several reasons: Other countries and destinations have grown more competitive; they are spending more on marketing and promotion; and travelers have more choices. Meanwhile, the U.S. has become more difficult to visit due to security requirements both real and perceived. Making matters worse, the U.S. is one of the only industrialized nations in the world that lacks a nationally coordinated program to attract international travel. This legislation is designed to address that competitive shortcoming.

### **I'm hearing talk about private sector contributions. How exactly will this work?**

In the current legislation, all private sector contributions will be entirely voluntary. Businesses that will benefit from increased international travel will be asked to contribute to the umbrella marketing effort – either goods and services, or cash. There are numerous examples at the international level, such as Canada, or at the local level, such as California and Florida, in which public-private partnerships work to everyone's advantage. That said, it is important to understand that the program will succeed or fail based on the private sector's willingness to place "skin in the game." Federal dollars will match private dollars – so it is imperative that the industry be prepared to step up to the plate. The rising tide will lift all boats.

### **Why isn't the government being asked to provide a greater share of the funding, since there is such an obvious economic benefit?**

Even our closest allies in government have been adamant that the private sector have "skin in the game." The current legislation is the product of several years of negotiation with members of Congress. Any proposal that resembled corporate welfare would have been a non-starter – and rightly so. Therefore, the public-private partnership that is outlined in this framework is the best possible outcome.

### **What is this reference to an industry assessment – does that mean a new tax is on the way?**

In the current legislation, there is no industry assessment – all contributions will be voluntary. The legislation does, however, provide a mechanism in which members of the industry could vote to create a more formal, equitable and transparent means of collecting private sector contributions. In the event that members of the industry choose to explore this avenue, the process would closely resemble agricultural commodity programs such as dairy or beef – as well as the highly successful travel industry assessment program currently in place in California. The key facts to keep in mind are:

- No industry assessment can be enacted without a clear majority of the members voting in favor of it.
- All members of the industry would have ample opportunity to gather information, make your voice heard, and cast a vote against or in favor of the proposal.

### **Won't the ESTA fee just pose one more deterrent to international visitation?**

The fee structure in the Travel Promotion Act ensures that primary funds come from the private industry and matching funds come from a \$10 user fee on travelers from visa waiver countries. Travelers from visa waiver countries have the benefit of not paying \$131 for an American visa and interviewing at an American consulate. Moreover, these travelers spend more than \$4,000 per trip to the United States, making \$10 a fraction of their planned expenses. Furthermore, this fee would only be required once every two years with renewal of the ESTA, for as many trips as the traveler takes to the United States in that two-year time frame.

### **Couldn't imposing a fee on travelers from countries that participate in the Visa Waiver program invite retaliation?**

Many Visa Waiver Program countries already impose significant entry or exit fees on U.S. travelers. Countries make decisions about fees, taxes, entry regulations and the like with an eye toward export promotion and wanting to attract additional visitors. Visa waiver countries are not bound to automatically reciprocate regardless of how such a decision might impact inbound travel to their country. For years, U.S. citizens have paid entry or exit fees when traveling to visa waiver countries without retaliation from the U.S. The United Kingdom, for example, imposes fees of up to \$160 on U.S. travelers.

Australia has a similar electronic travel authorization and charges travelers from other visa waiver countries AUS\$20 if they process the application via the Internet. No other country has retaliated due to this fee.