American Society of Travel Advisors (ASTA) – Requests for COVID Relief

December 2020

The vast majority of U.S. travel agencies (98 percent) are small businesses according to the Small Business Administration's (SBA) size standards, and over two thirds of them are owned and operated by women. At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 40,000 self-employed travel advisors working mostly as independent contractors (ICs). Due to the coronavirus crisis (COVID-19) and its impact on travel, our members' businesses have come to a halt and remained there since early March. Member surveys conducted in August show that more than 9 in 10 travel agencies' (94.3 percent) business income is down at least 75 percent compared to 2019, with more than three-quarters (78.6 percent) being down 90 percent or more. 75 percent of travel agencies across the country have laid off or furloughed at least one W-2 employee, with close to 64 percent laying off at least half their staff – even with the relief programs in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) factored in. All told, 73 percent of ASTA members predict they will be out of business in six months or less if current conditions hold and additional relief is not provided.

While new business and any revenue associated with it has come to a halt, the work hasn't. At the same time they are dealing with an unprecedented collapse of travel demand, travel advisors are working around the clock to accommodate clients whose plans have been disrupted or who, due to coronavirus concerns, are seeking refunds in connection with future trips. In cases where a credit card was used for purchase but the travel did not occur, consumers have the right under the Fair Credit Billing Act of 1974 to dispute the charge. However, such scenarios – more common now than ever before – can result in the travel agency that booked the trip being held financially liable for the charge, either by the credit card company or the travel supplier. This is the situation many of our members find themselves in – working harder than ever before but essentially without pay.

Today, travel is no closer to the recovery many expected would come in the second half of 2020 when the CARES Act was enacted in late March. At the same time, many of those relief programs have expired or are running out of funds. As such, without additional federal relief our industry faces the prospect of continued agency closures, mass layoffs and termination of IC relationships. This would leave the traveling public without access to the critical services travel advisors provide to consumers and travel suppliers' main distribution channel crippled.

While we understand that many industries are facing critical challenges right now, we view the scenario described above as unacceptable. To prevent it, we respectfully submit our requests to Congress for the next round of COVID-19 relief, some specific to travel and some relating to general support for U.S. businesses, as follows:

Inclusion of Ticket Agents in Airline Payroll Support Program

A broad array of airline stakeholders supports an extension of Section 4112 of the CARES Act, which authorized the Department of the Treasury to provide $32 billion in payroll support payments to air carriers and certain contractors, past its September 30, 2020 expiration date. ASTA supports such an extension as well, but requests that any extension of Section 4112 be amended to include "ticket agents" – the statutory term for travel agencies, as defined in section 40102 of Title 49, United States Code – given the critical role they play in our country's commercial aviation system the broader travel and tourism industry.

Travel advisors – online, "brick and mortar" and many hybrid business models in between – are responsible for the sale of the majority of airline tickets in the U.S., selling close to 830,000 air tickets *per day* in 2019. While a portion of our membership was able to access relief under several of the CARES Act's programs, this relief is unlikely to be sufficient given that travel was the first industry impacted and will be one of the last to fully recover from this crisis. Thus, without the inclusion of ticket agents in the airline payroll support program, we risk a situation that will harm both consumers – who will be lacking the comparison shopping, professional advice and other support that advisors provide – as well as the airlines, who will find themselves bereft of a major pillar of their distribution system.

RESTART Act (S. 3814/H.R. 7481)
Introduced by Sens. Michael Bennet (D-CO) and Todd Young (R-IN) in the Senate and Reps. Jared Golden (D-ME) and Mike Kelly (R-PA) in the House, the Reviving the Economy Sustainably Towards a Recovery in Twenty-Twenty (RESTART) Act would create a new loan program to provide funding to small and mid-sized businesses to cover six months of payroll, benefits, and fixed operating expenses for businesses that have taken a substantial revenue hit during the COVID-19 pandemic. A share of the loan will be forgiven based on the revenue losses suffered by the business in 2020 with the remainder to be repaid over seven years. No interest payments are due in the first year, and no principal payments are due for the first two years. The bipartisan RESTART Act addresses several of ASTA's main concerns about the CARES Act's relief programs, namely that they provide inadequate relief to companies with more than 500 employees and that they make no accommodation for industries hit the hardest by the crisis, as travel has been. If the bill cannot be incorporated whole cloth into the next COVID relief bill, we request that as many of its elements as possible be added as a complement to or part of any Paycheck Protection Program extension, especially its provisions providing support to businesses with more than 500 employees.

Continued Assistance to Unemployed Workers
The CARES Act authorized extra unemployment payments, increased standard benefit amounts and broadened eligibility to include self-employed individuals and ICs. However, these benefits expired on July 31, and expanded eligibility covering the self-employed people expires at the end of December. As mentioned, there are currently around 40,000 ICs working in the travel agency industry, and their business income has seized up along with every other part of the industry. Both they and laid-off or furloughed travel agency W-2 employees deserve support while the travel industry recovers. As such, ASTA supports extending the CARES Act's unemployment provisions through at least March 31, 2021.

Hospitality and Commerce Job Recovery Act of 2020 (S. 4807)
Introduced by Sens. Catherine Cortez Masto (D-NV) and Kevin Cramer (R-ND), the Hospitality and Commerce Job Recovery Act would, among other things, create new tax incentives for convention and trade shows, expand the Employee Retention Tax Credit (ERTC) and provide tax credits to Americans who make expenditures on travel through 2023. S. 4807 will provide immediate benefits to many of our members by expanding the ERTC while stimulating the recovery of the travel industry, the health of which is central to the overall U.S. economy. Coupled with clear and consistent federal health guidance across travel modes, stimulating demand along the lines of what's called for by the Hospitality and Commerce Job Recovery Act will be critical to the travel industry's recovery.

CONTACTS:
Eben Peck, ASTA Executive Vice President, Advocacy
(703) 739-6842 or epeck@asta.org

Genevieve Strand, ASTA Director, Advocacy
(202) 751-5183 or gstrand@asta.org

Richard Hoar, Senior Vice President, Banner Public Affairs
(727) 743-6730 or rhoar@bannerpublicaffairs.com