



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

*August 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' business has come to a halt and has remained there since early March. Our member surveys show that more than 9 in 10 travel agencies' (93.4 percent) business income is down at least 75 percent compared to 2019, with more than three-quarters (77.8 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 60 percent (59.5 percent) laying off at least half their staff – even accounting for the relief programs in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. All told, 71 percent of ASTA members predict they will be out of business in six months or less if current conditions hold.

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 (P.L. 116-136) was enacted in late March. At the same time, many of those relief programs are expiring or running out of funds. As such, without additional federal relief our industry faces the prospect of widespread 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 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:

### **Travel Agency Payroll Protection**

ASTA requests that Section 4112 of the CARES Act, which authorizes the Department of the Treasury to provide payroll support payments to air carriers and certain contractors, be amended to include “ticket

agents,” as defined in 49 U.S.C. 40102(45) and that the funding authorized be increased by \$7.7 billion to allow for these payments. Under the CARES Act, these payments must be exclusively used for the continuation of payment of employee wages, salaries, and benefits, and Treasury Secretary is authorized to provide such payroll support in such form, and on such terms and conditions, as he determines appropriate. The requested amount represents projected 2020 travel agency revenue losses based on a wide-ranging survey of over 1,500 ASTA members conducted in March 2020, and is almost certainly a conservative estimate.

Travel advisors – online, “brick and mortar” and many hybrid business models in between – play a critical role in our country’s commercial aviation system the broader travel and tourism industry. Travel agencies 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 has been 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 is likely to be one of the last to fully recover from this crisis. Thus, 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.

#### **Additional Funding for Ticket Agent Loans**

Under Section 4003(b)(1) of the CARES Act, the Treasury Department is authorized to make up to \$25 billion in loans and loan guarantees for passenger air carriers; eligible businesses performing inspection, repair, replace, or overhaul services; and “ticket agents” (the statutory term for travel agencies, as defined in section 40102 of Title 49, United States Code). While we expect the majority of our membership have availed themselves of other relief options in the CARES Act since its enactment – the Paycheck Protection Program (PPP) in particular – given the scale of the disruption to our part of the travel industry there is intense demand for relief under this program. According to the Government Accountability Office, as of June 1, 2020, Treasury reported receiving 48 applications from ticket agents requesting \$5.8 billion in loans under this program. While as of this writing not a single ticket agent has yet received a loan, we respectfully recommend the following statutory changes to the program:

- Provide the Treasury Department with additional funding to extend loans to ticket agents under Section 4003(b)(1);
- Extend loan repayment terms to 10 years to accommodate the travel industry’s long anticipated recovery; and
- Consider incorporating some or all of the PPP’s loan forgiveness elements into this program.

#### **RESTART Act (S. 3814/H.R. 7481)**

Introduced by Sens. Todd Young (R-IN) and Michael Bennet (D-CO) and Reps. Jared Golden (D-ME) and Mike Kelly (R-PA), the Reviving the Economy Sustainably Towards a Recovery in Twenty-Twenty (RESTART) Act would create a new, post-PPP 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 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 PPP extension.

### **Continued Assistance to Unemployed Workers**

The CARES Act authorized extra unemployment payments, increased the amount of money, and broadened eligibility to include self-employed individuals and ICs. But the increased unemployment benefits have an expiration date, and the \$600 additional weekly benefit from the Federal Pandemic Unemployment Compensation (FPUC) the CARES Act authorized sunsets on July 31. Meanwhile, the expanded eligibility covering self-employed people and independent contractors expires at the end of December, right when infection rates could be soaring. 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 enactment of Division E of the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800), which would extend the CARES Act unemployment provisions through January 31, 2021.

### **American TRIP Act (S. 4031)**

Introduced by Sen. Martha McSally (R-AZ), the American Tax Rebate and Incentive Program Act (American TRIP Act) would provide tax credits to Americans who spend money on lodging, entertainment, and other expenses related to domestic travel through 2022. This credit would apply to all travel within the United States and its territories, so long as the travel and expenses and final destination is 50 miles from the principal residence of the filer(s). Sens. Kevin Cramer (R-ND) and Catherine Cortez Masto (D-NV) are reportedly pursuing a similar proposal as part of the next round of COVID relief. While ASTA and its members remain focused on the relief phase of the coronavirus crisis, collectively we will soon need to focus on the recovery phase. Coupled with clear and consistent federal health guidance across travel modes, stimulating demand along the lines of what's called for it in the American TRIP Act will be critical to the travel industry's recovery.

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