American Society of Travel Advisors (ASTA) – Request for Coronavirus Relief

March 17, 2020

The vast majority of U.S. travel agencies (98 percent) are small businesses according to Small Business Administration’s (SBA) 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. There are an additional 40,000 self-employed travel advisors working mostly as independent contractors. As a general rule, the smaller the company the smaller the cash reserves to weather this storm. Due to the coronavirus crisis and its impact on travel, new business has largely come to a halt in the past few weeks and layoffs and agency closures have begun in earnest. As of March 6, 52.5 percent of ASTA members surveyed predicted they would be out of business in six months or less if current conditions hold, and the situation has deteriorated dramatically since then.

Discussions about targeted financial relief for the travel sector are fast-moving with requests ranging from $58 billion from passenger and cargo airlines to $10 billion for U.S. airports. We feel strongly that any targeted relief for the travel industry should be open to travel agencies and not simply limited to the largest companies in the industry. A scenario where the largest travel companies survive and recover from this crisis while the thousands of overwhelmingly small businesses that distribute their products are allowed to fail is an unacceptable outcome.

Our requests to Congress are as follows:

- **Grants** – Grants to ticket agents as defined in 49 U.S.C. 40102(45) in the aggregate amount of $7.7 billion to compensate for reduced liquidity (net of financing) – from December 31, 2019 through December 31, 2020 – attributable to the novel Coronavirus (or COVID-19). This amount represents projected 2020 revenue loss based on a wide-ranging survey of over 1,500 ASTA members conducted on March 5 and 6, 2020, and is almost certainly conservative.

- **Loans** – A voluntary liquidity facility program in an aggregate amount up to $6 billion pursuant to which the Federal Reserve would purchase financial instruments from or provide zero interest unsecured loans or zero interest unsecured loan guarantees to ticket agents as defined in 49 U.S.C. 40102(45). This amount takes Airlines for America’s request for loans for passenger airlines and adjusts it proportionally based on passenger airline 2019 employment (according to the Bureau of Transportation Statistics) versus 2017 travel agency employment (according to the U.S. Census Bureau, latest available).

- **SBA Loans** – We were pleased to see that the recently-enacted Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (P.L. 116-123) included funding
to enable the SBA to provide an estimated $7 billion in loans to help small businesses impacted by financial losses as a result of the coronavirus outbreak. More funding is certainly needed, as is immediate action to get the first batch of loans quickly to the businesses who need them. As such, we request that:

- Congress fully fund President Trump’s March 11 request for an additional $50 billion in SBA loans;

- Eligibility for SBA’s Economic Injury Disaster Loans be immediately broadened to encompass businesses across the country, as was done after 9/11. As we understand it, there are still additional steps required at the state level for these loans be open, which is means most small businesses’ applications are being denied today; and

- Loan collateral requirements be reduced or waived entirely.

- **Tax Provisions** – We support any and all tax relief initiatives like payroll tax suspension, deferrals, carryback of losses. The more these measures are targeted at travel industry businesses and/or small businesses, the better. With regard to a payroll tax suspension, if an across-the-board payroll tax cut/suspension is too challenging, consider targeting at the travel industry using Census/NAICS codes and further targeting at small businesses use SBA size standards.

Thank you for considering our views at what we know is a challenging time for you. We stand ready to provide any information necessary to bring the items discussed above to fruition.

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