



April 15, 2021

The Hon. Julie Rosen
Chair
Senate Finance Committee
2113 Minnesota Senate Building
St. Paul, MN 55155

Dear Chair Rosen:

I write on behalf of the 517 members of the American Society of Travel Advisors (ASTA) in the State of Minnesota and the almost 3,500 Minnesotans who work at travel agencies in the state to express our strong support for Senator Carrie Ruud's (R-10) proposal to create a Resort and Tourism Economic Relief Program as part of Senate Bill (S.F. 2387).

According to the U.S. Census Bureau, the vast majority of travel agencies in this country (98 percent) are small businesses under the U.S. 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 60,000 self-employed travel advisors working as independent contractors (ICs). This includes 3,455 people working at 319 agencies in Minnesota.

As a result of the coronavirus (COVID-19) pandemic and the governmental response to it, the average travel agency's business income was down 82 percent in 2020 as compared to 2019, according to ASTA member surveys. Even factoring in the relief programs created by the federal CARES Act and successor legislation, the average travel agency has laid off close to 60 percent of its staff. And due to industry economics (i.e., commission payment schedules), there will be a substantial time lag between a return of travel bookings and a corresponding return of business income – an anticipated average of eight months' delay.

Government action to mitigate COVID – here and abroad – has played a key role in this economic catastrophe. We understand that our country is facing the worst public health crisis in history, and understand as well the rationale behind many of these government restrictions. That said, we believe the government has a responsibility to provide support to those businesses harmed by its response to COVID-19. Sadly, financial support for the travel and hospitality industry in the various federal relief bills has been uneven, especially with regard to less visible sectors of the industry like travel agencies as compared with airlines and restaurants.

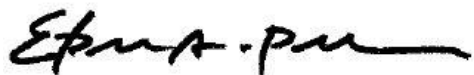
As such, we supported Section 602 (c)(1)(A) of the American Rescue Plan Act, which makes “assistance to small businesses...or aid to impacted industries such as tourism, travel, and hospitality” an allowable use for the \$195.3 billion in Coronavirus State and Local Recovery Funds the bill provided for the states and the District of Columbia. Since the bill’s enactment, we have been working with the National Governors Association, the National Conference of State Legislators and other groups to ensure that travel agencies are eligible for a meaningful portion of these relief funds.

With that as context, we strongly support Senator Ruud’s proposal to create a Resort and Tourism Economic Relief Program to assist businesses adversely affected by a decline in visitors and revenue in 2020 due to COVID-19. Under the program, grants of up to \$250,000 and interest-free or forgivable loans of up to \$500,000 will be available to travel agencies, tour operators, hotels, convention and visitors’ bureaus and other hard-hit hospitality businesses, with grant and loan guidelines to be set by the Commissioner of the Minnesota Department of Employment and Economic Development. In fact, since this plan does not make the mistake of prioritizing higher profile segments of the travel and hospitality industry at the expense of less-visible segments, as other states have done, we consider it a model approach and will be pushing for its adoption across the country.

While it will take several years for our part of the travel industry to return to health, taken together with urgently-needed regulatory and financial relief at the federal level we believe the proposed Resort and Tourism Economic Relief Program will help speed the recovery and put Minnesota travel agencies in a position to serve the traveling public once the economy rebounds in full.

On behalf of our Minnesota members, thank you for considering our views on this critical issue. If you or your staff have any questions about this or any issue related to the travel and tourism industry, please don’t hesitate to contact me at (703) 739-6842 or epeck@asta.org.

Yours Sincerely,



Eben Peck
Executive Vice President, Advocacy
American Society of Travel Advisors (ASTA)

CC: The Hon. Carrie Ruud (R-10)
Robert Herman, Travel Agency Representative, Explore Minnesota Tourism Council
(Coon Rapids, MN)
Virginia Peterson, President, ASTA Upper Midwest Chapter (Mendota Heights, MN)