

2021

Dallas Hotel Conference

Featuring panels and presentations from industry leaders



Legislative Update

William “Chip” Rogers

President & Chief Executive Officer

American Hotel & Lodging Association





AHLA *UPDATE*

Industry Outlook Remains Grim



Revenue Continues to Decline in Top 10 States

Dallas Projected to be Down \$1.5 Billion

Hotel Revenue By State

STATE	Total 2019 Revenue	Total 2021 Projected Revenue	\$ Difference vs 2019	% Difference vs 2019
California	\$ 25,088,503,193	\$ 8,708,300,631	\$ (16,380,202,562)	-65.30%
New York	\$ 12,608,168,349	\$ 2,684,143,746	\$ (9,924,024,603)	-78.70%
Florida	\$ 18,552,492,052	\$ 10,934,143,419	\$ (7,618,348,634)	-41.10%
Texas	\$ 12,222,579,483	\$ 6,359,231,389	\$ (5,863,348,094)	-48.00%
Illinois	\$ 5,326,928,796	\$ 1,498,501,419	\$ (3,828,427,377)	-71.90%
Nevada	\$ 6,433,103,948	\$ 2,662,798,769	\$ (3,770,305,178)	-58.60%
Hawaii	\$ 5,013,659,331	\$ 1,286,231,721	\$ (3,727,427,610)	-74.30%
Massachusetts	\$ 4,112,973,269	\$ 901,502,168	\$ (3,211,471,101)	-78.10%
New Jersey	\$ 4,229,944,570	\$ 1,417,041,168	\$ (2,812,903,403)	-66.50%
Colorado	\$ 4,446,062,490	\$ 1,912,641,119	\$ (2,533,421,371)	-57.00%

MARKET	Total 2019 Revenue	Total 2021 Projected Revenue	\$ Difference vs 2019	% Difference vs 2019
Dallas	\$ 2,673,683,988	\$ 1,116,545,135	\$ (1,557,138,853)	-58.20%

AHLA Focuses on Opportunities for Direct Financial Relief for Hotels



Paycheck Protection Program (PPP)

- ✓ Waiving Affiliation Rule
- ✓ Strengthening PPP through Flexibility Act
- ✓ Passing second round of PPP with increased hotel grant cap
- ✓ >\$20 Billion in projected industry savings

American Rescue Plan (ARP)

ARP directs state and local governments to focus **20%** of their relief efforts on the hospitality and tourism industries, including:

Sec. 6001, “Economic Adjustment Assistance Grants,” and
Sec. 9901, “Coronavirus State and Local Fiscal Recovery Funds.”

2024 DEADLINE TO
OBLIGATE FUNDS

2026 DEADLINE TO
SPEND FUNDS

AHLA Model Plan for state association members

AHLA Secures Changes for Improved SBA Economic Injury Disaster Loan Program



- **Increased loan size**
 - \$2 million per hotel property up to \$10 million in aggregate
- **Loans are 3.75% interest over a 30-year fixed amort. Period**
 - Includes a payment deferral
- **Waiver of affiliation rules (mirroring PPP)**
- **Would serve as subordinate debt**

\$20 Billion

In liquidity

Locking in Federal Per Diem Rates for 2021 & 2022

GSA established reasonable rates for FY21

RESTORED, EQUITABLE, CORONAVIRUS ADJUSTED
LODGING ACT OF 2021

United States
WASHINGTON, DC 20510

July 31, 2020

The Honorable Emily W. Murphy
Administrator
General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Administrator Murphy:

We write today to express our concern about the negative long-term impacts the COVID-19 pandemic will have on the hotel and lodging industry, and particularly the potential impact on federal per diem rates paid to lodging facilities in future fiscal years (FYs). We request that you use your statutory authority to take meaningful steps to ensure per diem rates are not artificially lowered due to the ongoing pandemic—such as by freezing the daily per diem spending limit for FY 2021 and 2022 at FY 2020 levels or basing per diem rates on the months before the COVID-19 pandemic significantly impacted travel in order to ensure a fair per diem rate in the coming years.¹

As you know, the General Services Administration (GSA) sets per diem rates for federal travel within the United States, and those rates are updated annually according to average daily rate (ADR) information, less five percent. Due to stay-at-home orders, mandatory shutdowns, and social distancing measures that are still currently in place, the ADR collected this year and in the upcoming months will produce significantly depressed per diem rates. Federal travelers are a significant customer base for the hotel and lodging industry, and federal per diem rates have a large influence on per diem rates in the private sector. As a result, the per diem level will have a significant impact on the hotel and travel industry's recovery.

The hotel and lodging industry has experienced an unprecedented decline since the COVID-19

GSA

\$1 Billion

Projected industry savings
for the upcoming fiscal year

Lender Flexibility and Tax Savings

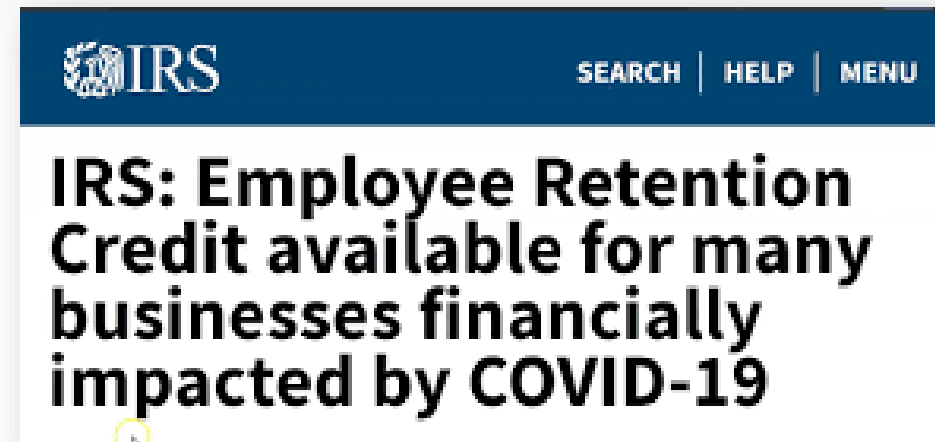
Troubled Debt Restructuring

- **Only 18% of hoteliers reported being able to get mortgage relief beyond the end of '20 before TDR was extended**



Employee Retention Tax Credit

- **Up to \$7,000 per employee per quarter in 2021 for qualifying employers in refundable payroll tax credits**



The Bottom Line...

AHLA's Advocacy efforts have saved the industry nearly

\$50 Billion

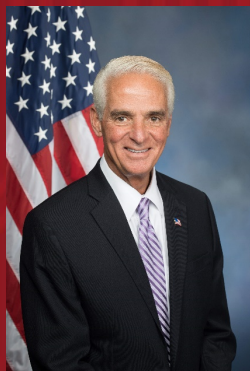
in revenue, liquidity, and paved the way for unprecedented lender flexibility and tax breaks.



SAVE HOTEL JOBS ACT



Sen. Brian Schatz (D-HI)



Rep. Charlie Crist (D-FL-13)



Supporting Hotel Workers Through Direct Payroll Grants.



Grants = 3x monthly payroll and benefits expenses for workers



Grantees to give laid-off workers recall rights

*The Save Hotel Jobs Act provides grants to hotels that can demonstrate a loss of at least **40%** of gross receipts during a three-month period in 2020, compared 2019.*



What's Next for H-2B Visas

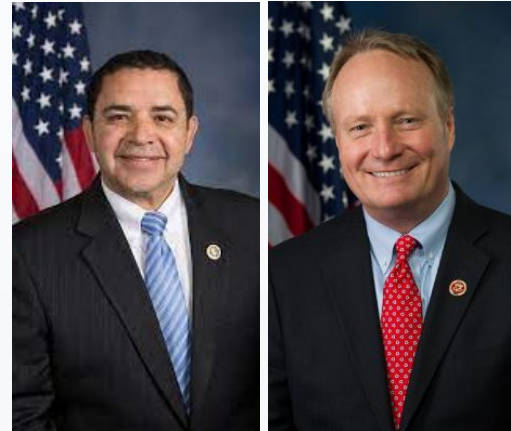
22 (b) None of the funds made available by this Act may
23 be used to process or approve any Application for Tem-
24 porary Employment Certification for job opportunities in
25 any industry that experienced an unemployment rate equal

1 to or exceeding 10 percent at any point between the date
2 the petitioning employer submits its application to the Of-
3 fice of Foreign Labor Certification and the preceding 12
4 months.

✓ Damaging H-2B Language
removed in House
Appropriations



✓ Temporary Increase
in H-2b Visas for FY
2021



✓ Bipartisan H-2B Returning
Worker Legislation

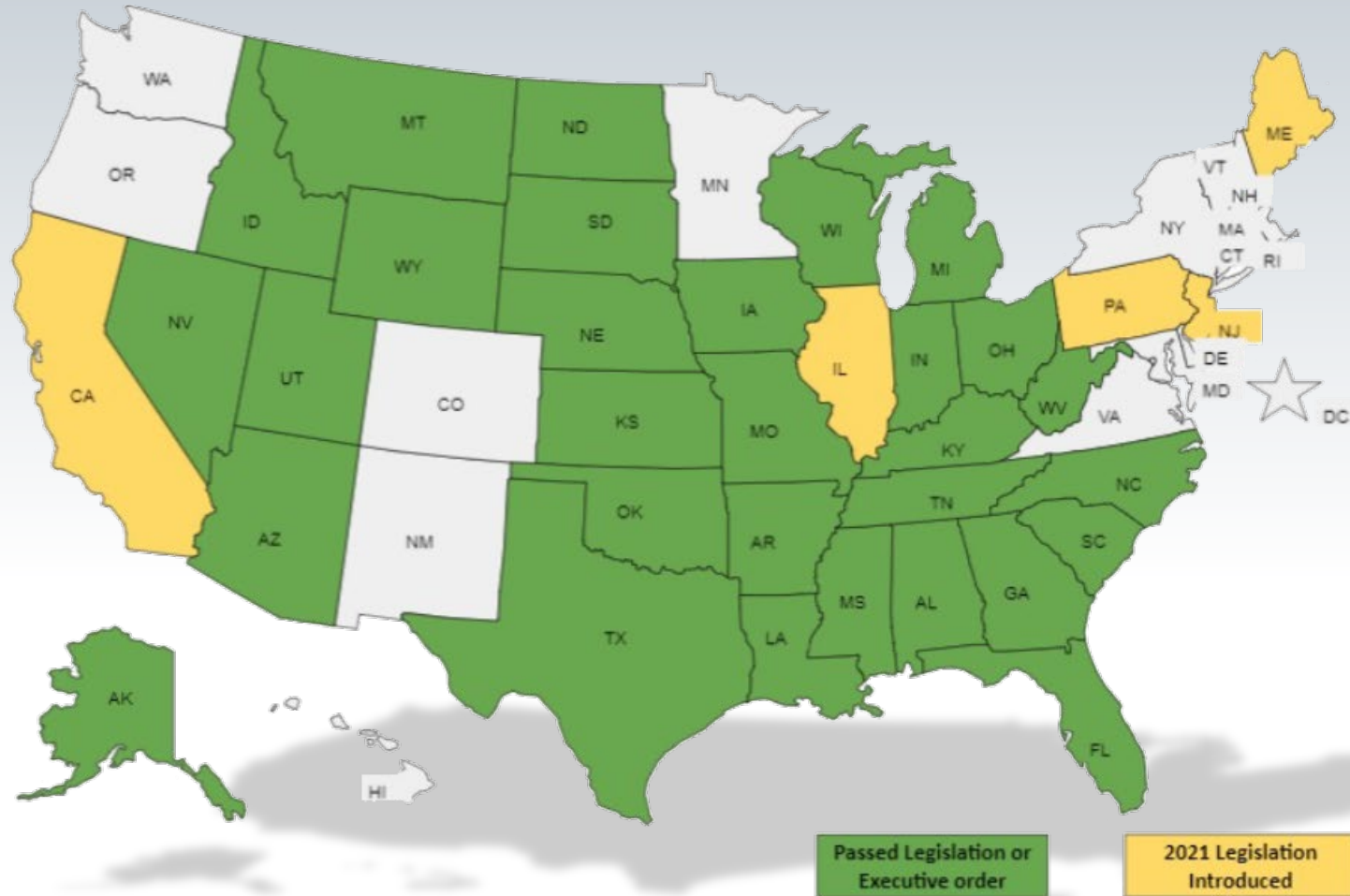


✓ H-2A Definitional Change to
Provide Cap Relief

Deepening State and Local Advocacy Engagement



Liability Protections Signed in 30 States



Looking Ahead: Future Challenges



Labor Advances Agenda Across the Country

PRO Act Would Rewrite Labor Laws



AFL-CIO President Richard Trumka speaks during a February 2020 press conference advocating for passage of the PRO Act.
Photographer: Samuel Corum/Getty Images

Punching In: How Unions Are Handling the PRO Act in Budget Talks

Provisions of the PRO Act include, but are not limited to:

- ☐ Repeal current right-to-work laws;
- ☐ Limit an employer's communication with employees;
- ☐ Require companies turn over sensitive employee records;
- ☐ Limits the right to a secret ballot for union elections;
- ☐ Limits the ability of individuals to work as independent contractors; and
- ☐ Allows for secondary boycotts of non-related businesses.

Labor Uses Congress to Push Pro-Union Agenda



Toyota, Honda oppose U.S. House electric vehicle tax plan

Toyota said in a statement that the plan unveiled late Friday discriminates "against American autoworkers based on their choice not to unionize."

**Bloomberg
Law**

Tax Break on Union Dues Added to Senate Democrats' Budget Plan (1)

The broad language is designed to cover a tax credit or deduction on union dues, which would provide a financial sweetener for members, and the creation of civil monetary penalties that punish companies for interfering in workers' rights to organize and collectively bargain under the National Labor Relations Act, said

Evolution of Labor Strategy Revealed

	Emeryville	Seattle	Long Beach	Oakland	Santa Monica	WeHo	LA
Adopted Date	2005	2016	2018	2018	2019	2021	TBD
Max Workload	5,000 SF	4,500 SF	4,000 SF	4,000 SF	4,000 & 3,500 SF	4,000 & 3,500 SF	4,000 & 3,500 SF
Overtime Rate	1.5X	3X	2X	2X	2X	2X	2X

Progressive Cities Enacting Union Goals

Hotels Bear the Brunt

NYC Severance Law

Impact

- Requires hotels that don't reopen by October 11th, with 100 rooms or more to provide severance pay to hotel service employees
- Sunsets on June 1, 2022
- For hotel closures/mass layoffs: \$500 a week up to 30 weeks

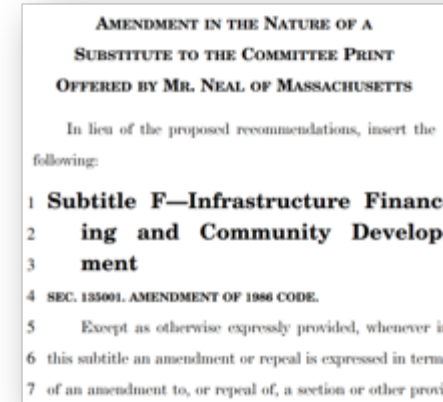
Skift.

*"Attacking hotels and their employees in the midst of the worst crisis the industry has ever faced is senseless in every way. It is as if the Council has purposely set forth on a course to destroy the New York City hotel industry and the jobs it supports," **Chip Rogers, president and CEO of the American Hotel & Lodging Association**, said in a statement. "We cannot find a more destructive policy anywhere else in the United States."*

THE REAL DEAL
NEW YORK REAL ESTATE NEWS

*We're disappointed that the city chose to risk future tourism and our local economy by passing this legislation which forces hotels to pay money they do not have," **Vijay Dandapani, HANYC** said in a statement. "Ultimately, this bill may force owners to close and leave New York altogether."*

Ensuring Fair Tax Treatment for Hotels



- ❑ **Preserve IRC Section 1031, Like-Kind Exchanges**
- ❑ **Maintain step-up in basis and no new taxation at death**
- ❑ **Keep the capital gains rate at current levels**
- ❑ **Retain the small business deduction**

AHLA Evolves Safe Stay Guidance to Meet Guest & Employee Needs

Safe Stay Accomplishments



Future of Safe Stay

- Navigating employee vaccine requirement
- Monitoring emerging topics
- Continuing to communicate timely announcements and updates to AHLA members



\$5 Million
in Scholarships

**47 States &
500+ hotel properties**
Apprenticeship and Career
Development Program
Participants to date

Over 1000
Apprentices enrolled todate

Changing the
Industry by
Changing
Lives
Investing in
our
Communities



Empowering
Individuals to
Advance Their
American
Dream



Our mission is
to help people
build careers,
improve their
lives, and
strengthen the
lodging
industry.



More Than Half a Million Employees Trained Through No Room for Trafficking Program



**TWO New Trainings announced for early 2022;
donated by Marriott**



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- 10/26 Chicago, IL • IHLA
- 11/17 Newport Beach, CA • CHLA

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Night of a Thousand Stars Gala



Sunday, January 23, 2022

Los Angeles, CA

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more information

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