

Legislative Update

*A View from Washington
and the States*

Jessica Brady

*Vice President, Public Policy and
Regulatory Affairs*



Executing AHLA's Strategic Plan

The background of the slide features a target with concentric circles. Three white darts are shown, all of which have hit the central bullseye. The darts are positioned vertically, with their tips pointing towards the center of the target.

LABOR

WORKFORCE

**ALTERNATIVE
ACCOMODATIONS**

**STAKEHOLDER
STEWARDSHIP**

FRANCHISING

State of Play

Economic Update

TRAVEL+ LEISURE

Canadian Tourism to the U.S. Plunges in 2025—
and These States Are Impacted the Most



Trump vows to impose furniture tariffs.
What would that mean for prices?

Climate in Washington
Has Created Economic
Uncertainty for Business
& Consumers

Increasing State &
Local Policy Challenges

Strong, Well-funded
Opponents in Labor

CBRE

All Eyes on Operating Costs in
2025: Lessons Learned in 2024

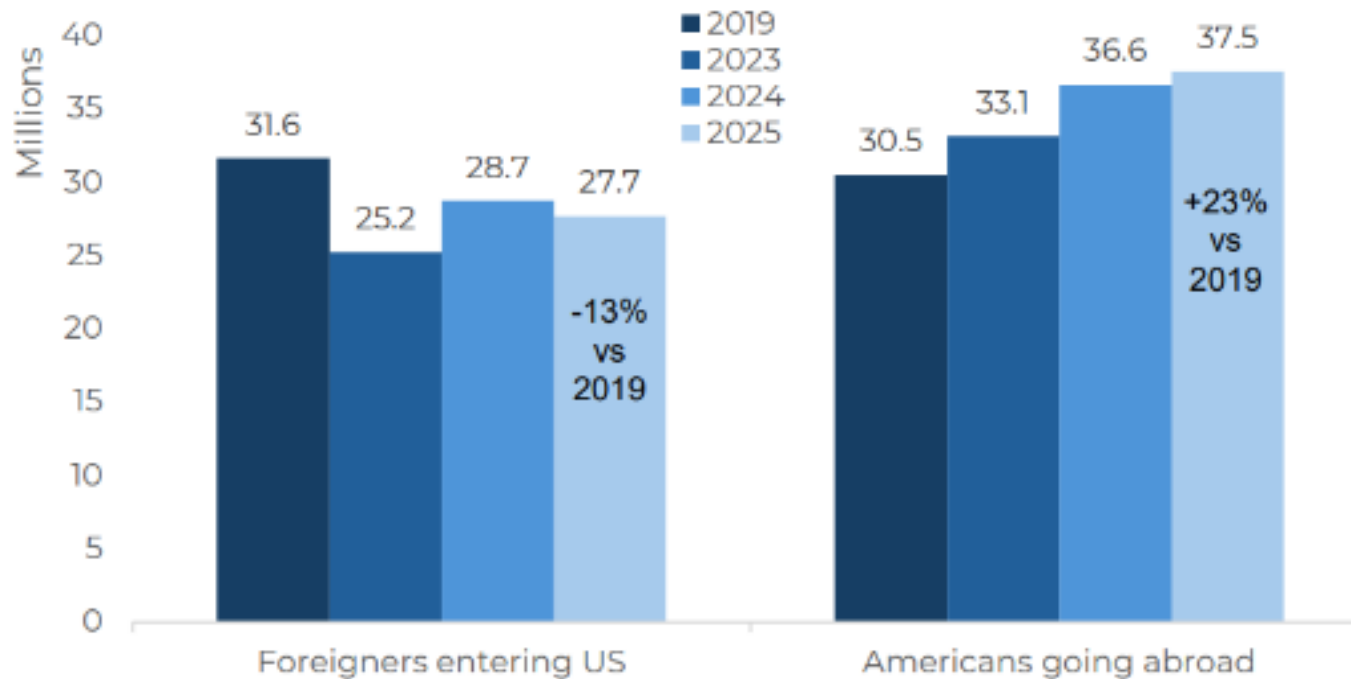
Challenging
Operating
Environment for
the Industry

Costs Rising 2X
Revenue

International Travel

Fewer inbound passengers, strong outbound

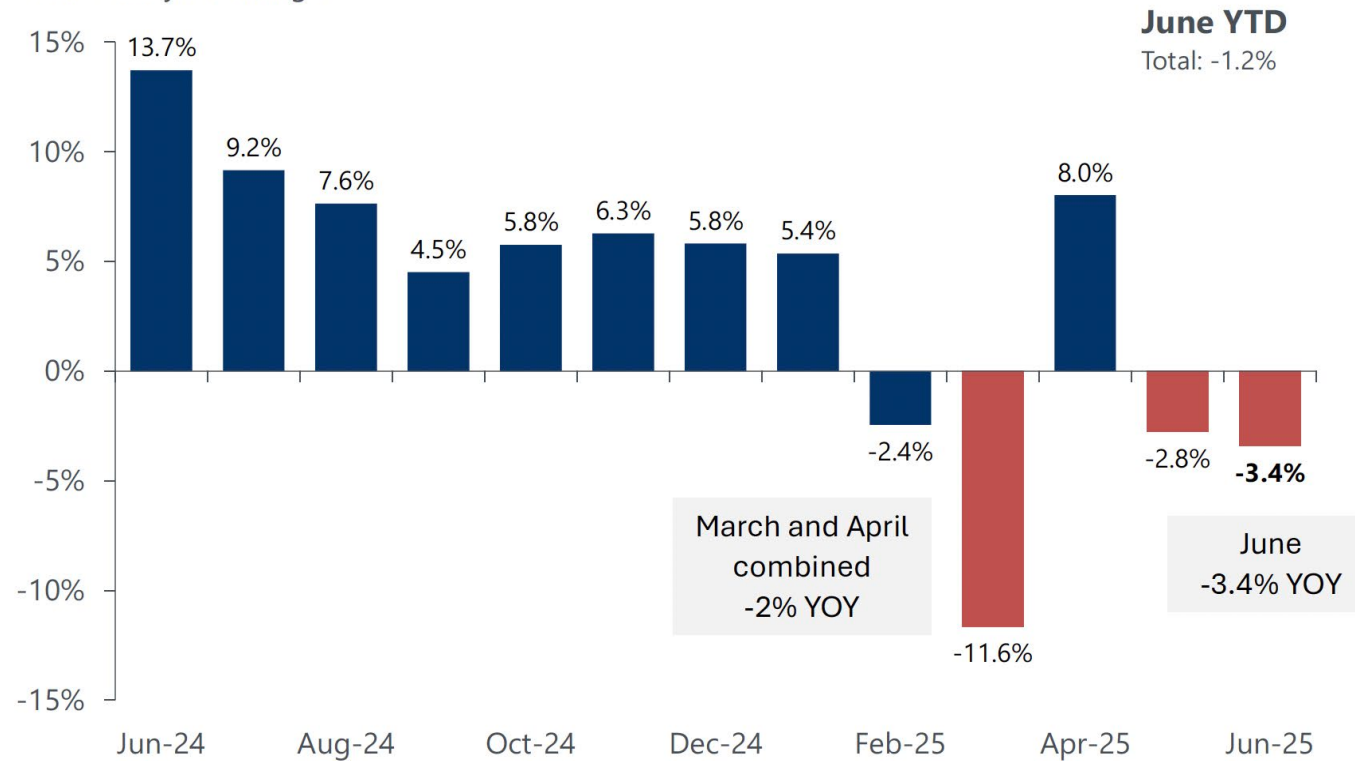
US inbound and outbound air travel (Jan-Jun YTD)
International passenger flows, in millions



- Outbound U.S. travel up 23% vs. 2019, while inbound lags 13% below pre-pandemic
- Forward bookings down 18% YoY, signaling no quick international rebound

International Travel

Overseas visitor arrivals to the US
Year-over-year change



- Overseas arrivals down 1.2% YTD; June fell 3.4%, draining high-spend international guests

Forecast

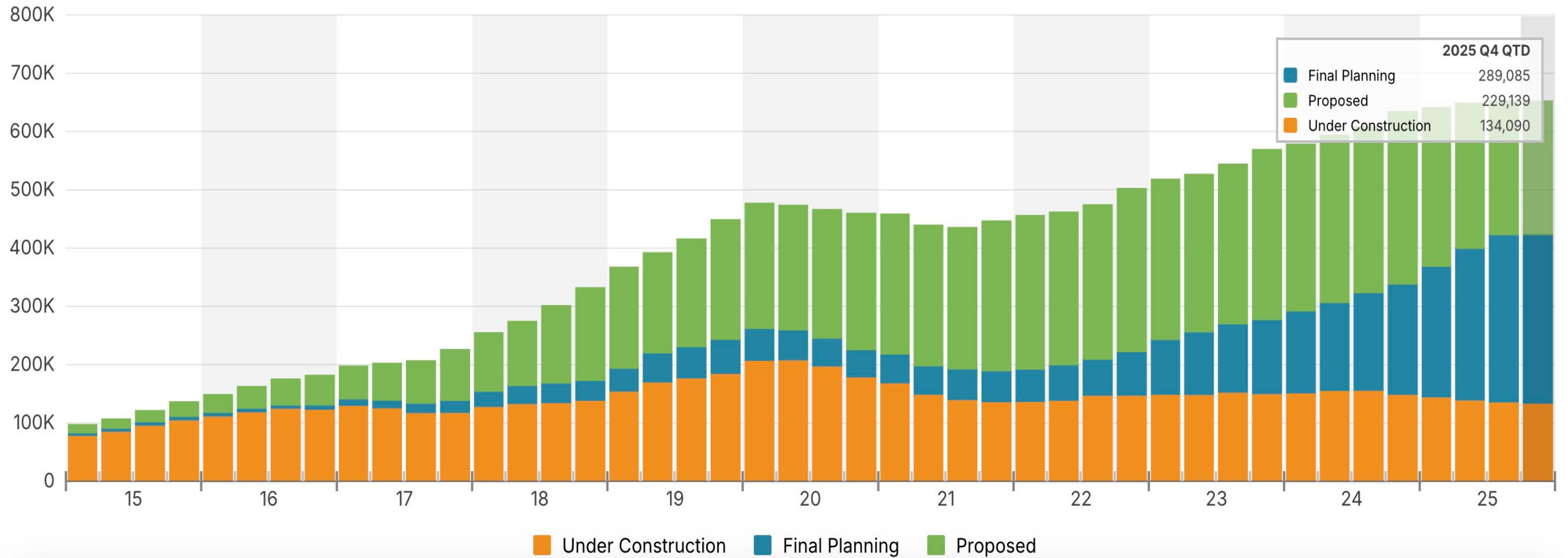
Top-line metrics

YoY % change, occupancy: actual

	2024 (actual)	2025 (forecast)	2026 (forecast)
Supply (YoY)	+0.5%	+0.8%	+0.8%
Demand (YoY)	+0.5%	-0.1%	+0.6%
Occupancy	63.0%	62.5%	62.3%
ADR (YoY)	+1.8%	+0.8%	+1.0%
RevPAR (YoY)	+1.9%	-0.1%	+0.8%

Construction

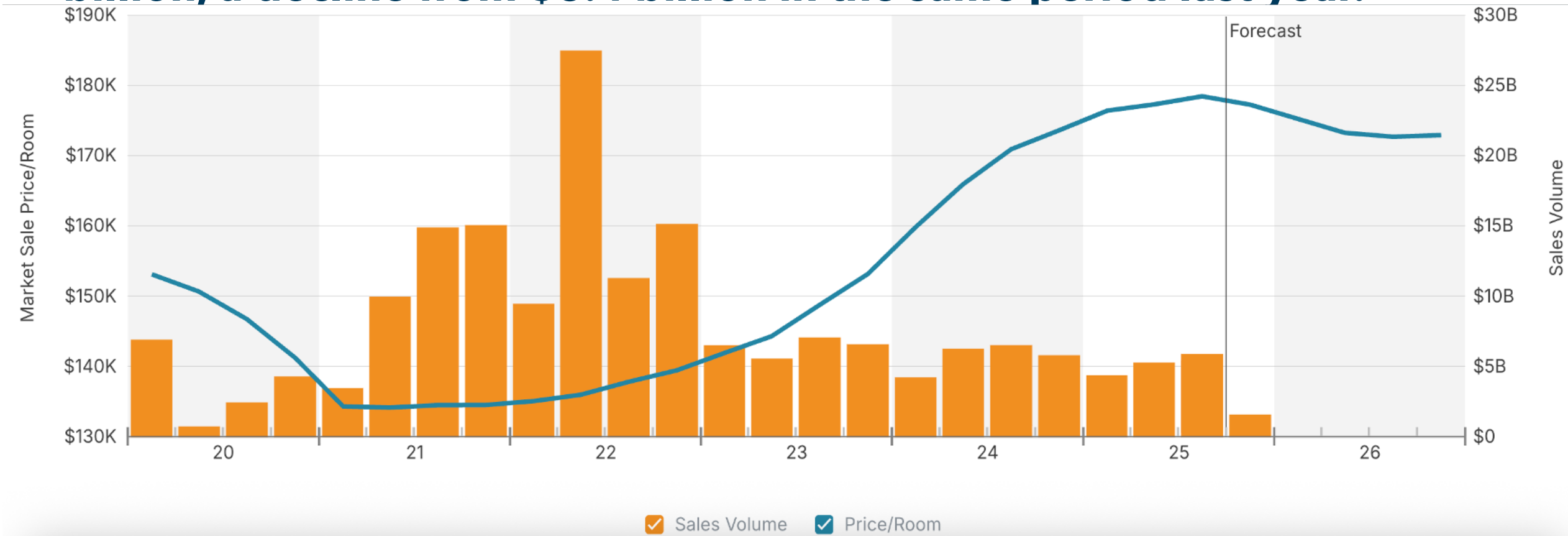
Dropped from 155K rooms in January to 134K rooms in October 2025



Source: CoStar

Transactions/Sales

In Q3 2025, hotel transaction volume reached approximately \$5.7 billion, a decline from \$6.4 billion in the same period last year.



Source: CoStar



The good news is:
**AHLA is at
the table.**

2025 Advocacy Priorities



LABOR



TAX



WORKFORCE



TECH POLICY



FRANCHISING



**ALTERNATIVE
ACCOMODATIONS**



**TRAVEL
& TOURISM**



ESG



Tax Relief for Hoteliers



A multi-year fight for our members and employees



Tax Wins

Trump's Return: Hoteliers Eye Tax Cuts and Worker Visas



Sean O'Neill
January 20th, 2025 at 9:09 AM EST



One Big Beautiful Bill Act Stops Tax Hikes on Hoteliers

- Preserves the Small Business Deduction
- Restores 100% Bonus Depreciation
- Maintains Like-Kind Exchange
- Increases Estate Tax Threshold
- Reinstates Business Interest Deductibility
- Creates Opportunity Zones Permanency
- No Tax on Tips and Overtime to Help Frontline Workers

Not included: Backdoor tax increases like changes to business state and local tax deduction, distortions to individual and family marginal rates, retaliatory taxes/Section 899, changes to carried interest treatment.

A photograph of an airport terminal interior. The scene is dominated by large, multi-paned windows that look out onto an airfield with several aircraft. In the foreground and middle ground, there are rows of blue, modern airport-style seating. The floor is a polished, reflective material. A large, solid red rounded rectangle is superimposed over the center of the image, containing the title text in white.

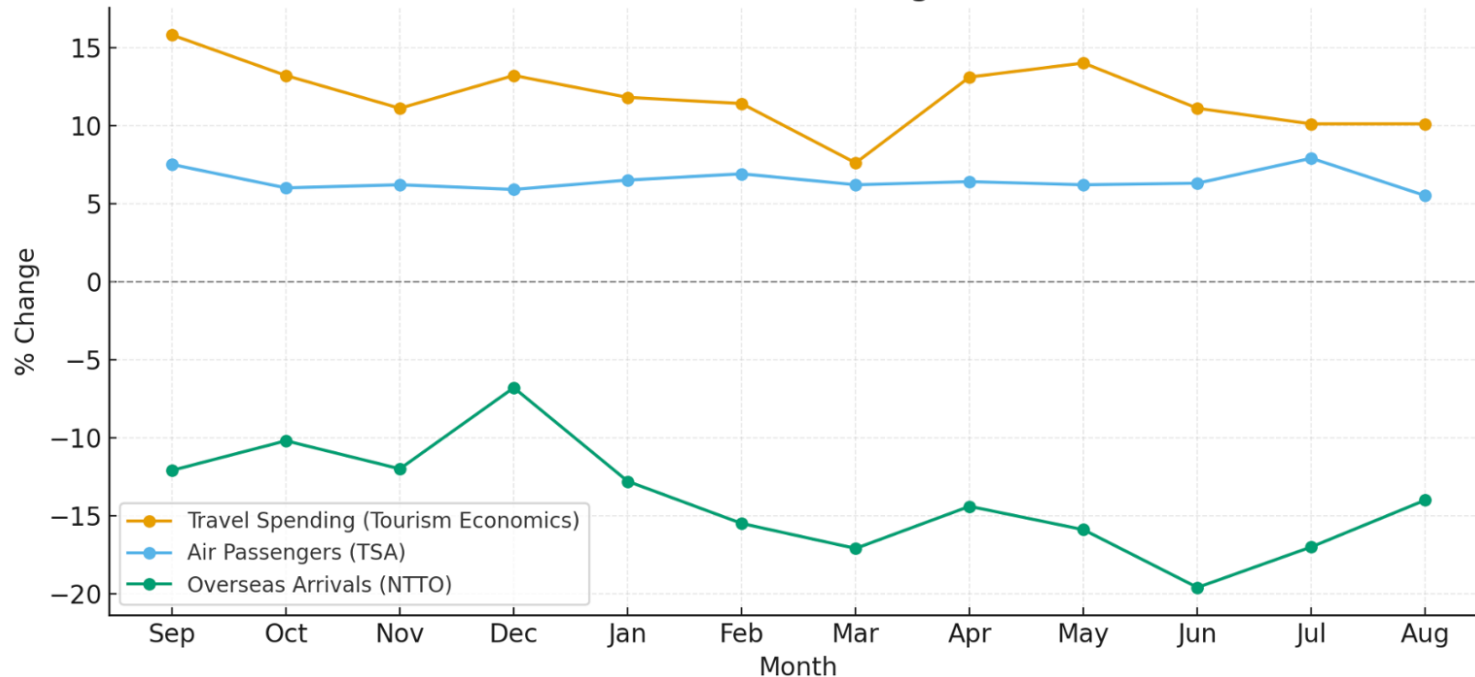
Travel, Tariffs, and Trade

Shifts in Travel Demand



International Inbound Travel

Travel Indicators (% Change vs. 2019)



Government Travel

- 275,000 announced layoffs
- Considerable impact to sector in specific markets

Trump executive order takes aim at federal employees' travel

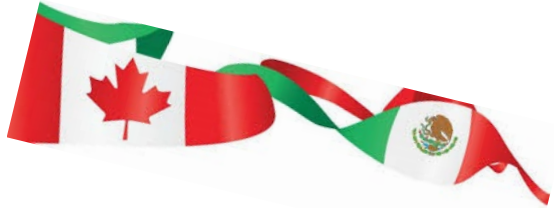
By Johanna Jainchill | Feb 27, 2025



Tariffs Impacting Operating Costs

*Placed into effect since
January 1, 2025*

Mexico: 25% on most goods



Canada: 35% on most goods

China: 20% on all goods,
125% tariff paused



Trade deficit-reducing tariffs:
10-41% (varies by country)



De minimis exemption:
Eliminated



Steel and aluminum:
50% globally



Medium- and heavy-duty trucks:
25%



New Timber, Lumber and Derivative Product Tariffs

Timber, Lumber, and Derivative Product Tariffs Announced via Proclamation September 29, 2025



The White House proclamation announcing these new tariffs left the door open for both:

- **Trade negotiations** to lower tariffs and
- **Expanding the set of impacted products** through an inclusionary process.

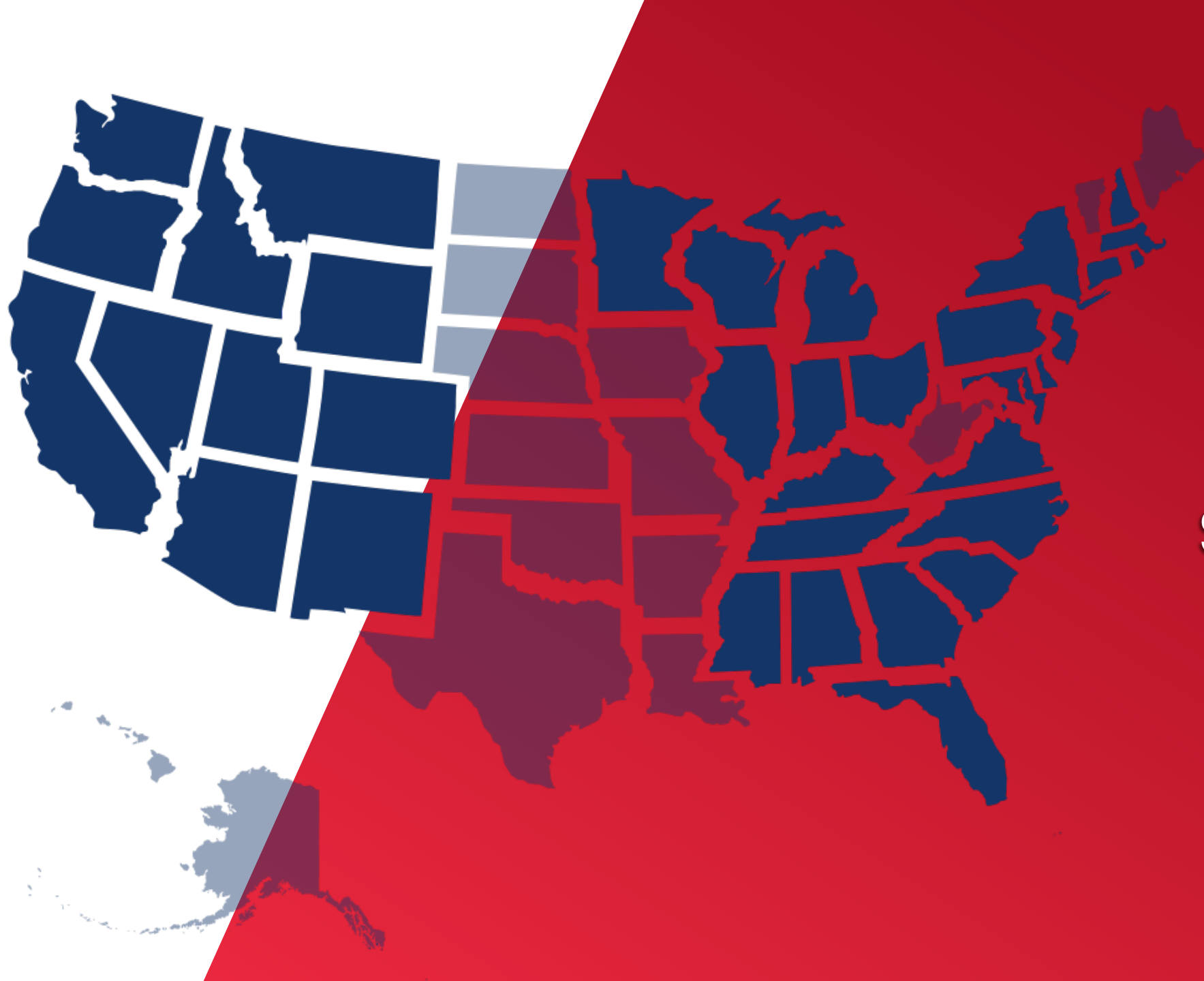
Note: The Section 232 authorities underlying these tariffs are **separate** from the International Emergency Economic Powers Act (IEEPA) authorities that will be the subject of U.S. Supreme Court arguments in November.



Government Shutdown



- \$31m per day cost for lodging
- \$1b per week cost for travel
- 13k air traffic controllers and 50,000 TSA agents without pay
- AHLA is joining other industries in calling for a speedy end to the shutdown.



State and Local Impact



Upheld level per diem rates in the face of DOGE cuts

Fighting in DC and State Capitols



Secured a string of short-term rental victories



Advanced human trafficking prevention legislation



A Multi-Pronged Pressure Strategy in LA

✓ A one-two punch:
Referendum + Gross
Receipts Tax Ballot Initiative

✓ Ramping up the
political pressure

POLITICO

Is anyone in charge of Los Angeles?

As the city grapples with its post-fire recovery and pre-Olympic planning, business and labor have both given up on working through city hall — and are preparing for total war at the ballot box.

✓ Changing the
narrative

A photograph of the San Diego skyline, featuring several tall buildings and a body of water in the foreground. The image is used as a background for the top half of the slide.

San Diego Minimum Wage Proposal



Phased-in
\$25/hour minimum wage
by July 2030



Property Size carve
out

- Only applicable to hotels with
150+ rooms

**Chamber Opposes \$25 Minimum Wage
for San Diego Tourism Workers**

**City Council committee
advances \$25 minimum wage
for San Diego tourism industry**



Alternative Accommodations

Short-Term Rental Victories

- ✓ **Tax Parity**
 - Mississippi
 - Rhode Island
- ✓ **Strengthens Local Control**
 - Utah
- ✗ **Restricted Local Control**
 - Arkansas
 - Kentucky
 - Idaho
- ✗ **Codified Short-Term Rentals as Residential Use**
 - Montana
- ✗ **Codified Tax Advantage for Short-Term Rentals**
 - Texas

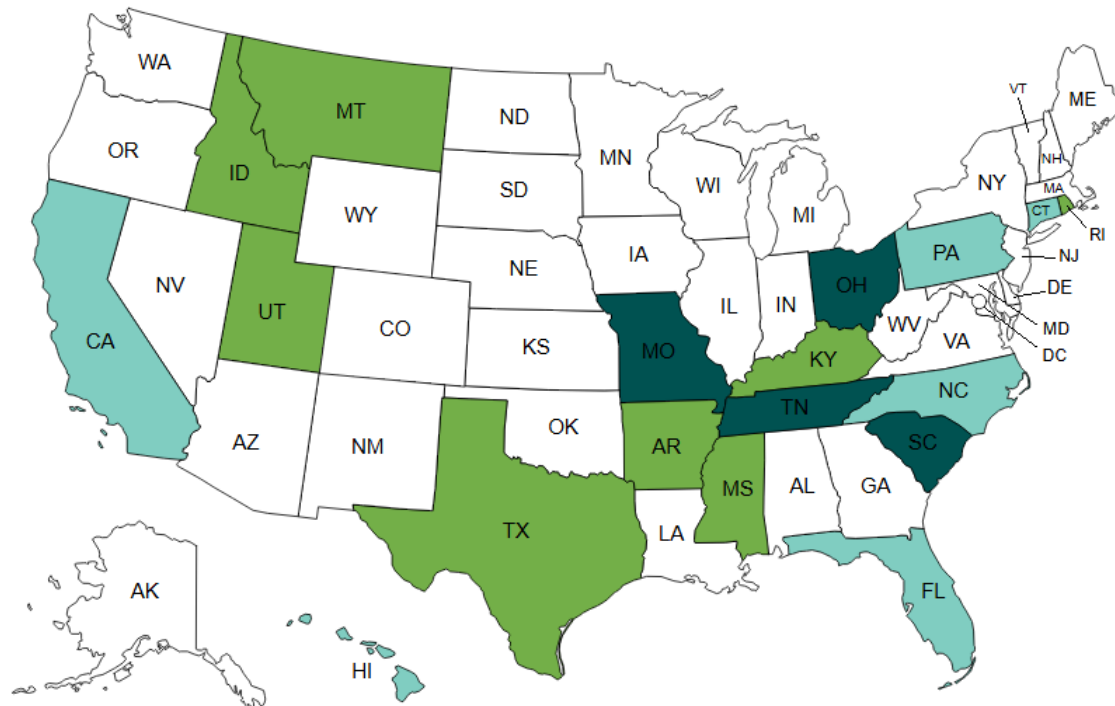


Texas Remains Short-Term Rental Battleground

Two New PACs Get Busy in Dallas Elections

Dallas at Forefront of U.S. Hotel Development; New Forecast for Hotel Openings for 2026

2025 Activity



PROACTIVE
DEFENSIVE
VICTORY

Continuing the Fight in Major Markets



New York's hotel industry fears 'onerous' impact of new law

The Boston Globe

New legal protections against 'junk fees' go into effect next month in Mass. Here's what to know.

NYC

Gearing up for post-election outcomes

Chicago

Launching proactive PR efforts to prepare for CA-style mandates

Boston

Pushed back on statewide "junk fees" mandate

Continuing the Fight in Major Markets



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Going on Offense: Regional Priority Markets



Creating a receptive environment



Proactively advancing pro-hotel legislation



Building strong business allies



Supporting local and state candidates





How to Stay Involved

Events & Opportunities

Sign up for HotelsACT



Elected Officials Care about your Voice

There is a Hotel in every single Congressional District

Your Actions Lead to Results!



AHLA: twitter.com/AHLA

AHLA Policy: twitter.com/AHLAPolicy



AHLA: American Hotel & Lodging Association

Share your views with lawmakers

Meet with them in person

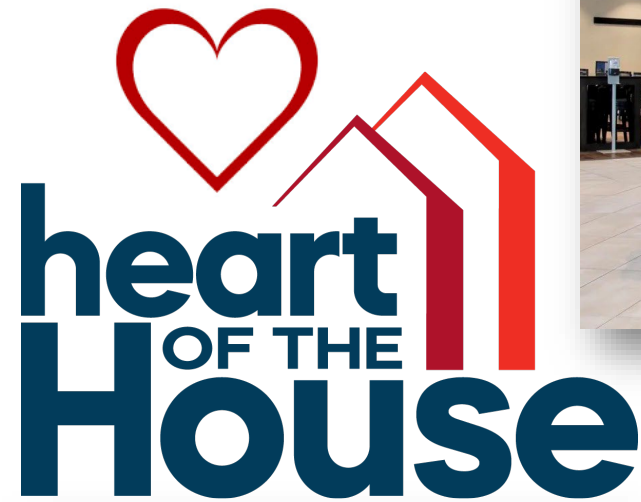
Attend public meetings and events



Highlight your contributions to the community

... make an impact!

Invite Elected
Officials To
Your Property



**Interested in hosting?
Let us know!**



THANK YOU!



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and Regulatory Affairs*
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