

Creating Jobs,
Building Communities
and Growing
the National Economy

A POLICY AGENDA

2015



STRENGTH IN NUMBERS:

- **Each day, nearly 5 million people check into a hotel.**

- **The hotel industry has created jobs month after month for four consecutive years.**

- **We employ more than 1.8 million Americans.**

- **We generate nearly \$1 trillion in travel revenue.**

- **We create \$163 billion in lodging sales revenue.**

- **We raise \$134 billion in business travel tax revenue annually.**

- **We offer good salaries and benefits and provide incredible opportunities for upward mobility:***
 - Approximately 50% of our General Managers began in entry-level jobs.
 - 8 out of 10 hotel jobs pay above the minimum wage.
 - More than 85% of employers provide medical insurance benefits to non-exempt workers.

AH&LA WORKING ON BEHALF OF OUR INDUSTRY:

- **We are a 20,000-strong association, representing all segments of the U.S. lodging industry.**

- **Our membership includes brands, hotel owners, Real Estate Investment Trusts (REITs), franchisees, management companies, independent properties, state hotel associations and independent suppliers.**

- **AH&LA has been serving the hospitality industry for more than a century.**

*"National Survey of Hotels and Wage Benefits," American Hotel and Lodging Association and WageWatch, Inc., September 2014.

LETTER FROM AH&LA PRESIDENT AND CEO:

OVER THE LAST FOUR YEARS, the hotel industry has been the roaring engine of our economy, creating jobs and presenting new opportunities for those individuals beginning entry-level work who seek to climb the ladder of success. As I have traveled around the country, I am so often touched by the stories of many of our workers who benefit from career-training and mentoring and solidify their place as the future of our industry. It is my privilege to share with you those stories, and to also present the issues that are most pertinent to our industry, which will safeguard its commitment to creating jobs and growing local economies around the country.

According to experts, the demand for lodging accommodations by the end of this year is expected to increase 25.8 percent since the depths of the recession in 2009. Added to that, is the continued year-over-year growth we see in the accommodations sector with every new monthly jobs report. It's a testament to our industry's ability to provide good jobs, with benefits and a fast-track to a career in hospitality.

This industry continues to innovate and grow, yet at the same time we are also seeing incredible challenges. Our advocacy agenda focuses on three key areas: workforce, distribution and technology, and travel and tourism. From labor issues such as extreme wage initiatives that will hurt our ability to continue creating jobs, to changes to the long-existing franchise model, to the need to ensure a level playing field when it comes to technology and distribution and new entrants to the marketplace, we will continue to seek to safeguard our industry's ability to drive growth and the economy.

This year, the American Hotel and Lodging Association has nearly doubled its membership to the highest point in our 100-year history. With a new mission and focus, we currently represent nearly 2.5 million rooms, and serve as the sole national association representing all segments of the U.S. lodging industry. We look forward to working with you in the months and years to come.

Sincerely,
Katherine Lugar

ISSUE SPOTLIGHT: WORKFORCE

NATIONAL LABOR RELATIONS BOARD (NLRB) AND FRANCHISE PROTECTION

The vast majority of our nation's hotels are franchises and in most cases they are small businesses independently owned and operated. These entrepreneurs have poured their time and money into these properties and are used to working independently from their parent company. In fact, so many franchisees in our industry are living the American Dream through the franchise opportunities our industry provides. Here at AH&LA, we represent both franchisees and franchisors alike, which is why AH&LA is so concerned about the NLRB's recent decisions relating to the joint employer standard and their profound implications on the relationship between franchisors and franchisees.

AH&LA POSITION

AH&LA supports policies and regulations that ensure a fair and equitable working environment for both employees and employers. Protecting the franchise model as it currently stands is important to the countless men and women around the country who become hotel franchise owners seeking to grow their business and create jobs.

...the success of the hotel industry is largely dependent upon the franchisor–franchisee relationship.

EXTREME WAGE INITIATIVES

For four consecutive years, the hospitality industry has been growing jobs at a record month-to-month pace. This is especially true for seasonal employees and college-age workers. In fact, our industry provides a fast-track to success, given that 80 percent of minimum wage workers are eligible for a promotion in less than a year. Across the country, local and state governments have proposed wage increases, and in some cases those wage increases are simply too high and too fast for the industry to absorb them. Certain localities, such as the Los Angeles City Council, are targeting only hotels for these wage increases, which is discriminatory and fails to comprehensively address employees' wages. As a result, the hotel industry's ability to protect its employees and create more jobs is compromised.

AH&LA POSITION

AH&LA views many of these local wage initiatives as hurting our industry and our ability to create jobs and grow the economy. Further, increases that are too high and too fast negatively affect the jobs of the people they are purported to help.

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ISSUE SPOTLIGHT: WORKFORCE

AFFORDABLE CARE ACT

The Patient Protection and Affordable Care Act (ACA) marked the most significant changes to the American healthcare system since the creation of Medicare in 1965. A number of concerns have been raised about the current law from both sides of the aisle. Congress has begun work to fix parts of the law, most notably the existing definition of a full-time employee which as currently written is negatively impacting our industry by restricting the scheduling flexibility so valuable to our workforce. Enacting legislation to change this definition back to 40 hours, as well as making other adjustments to make this law work better for American businesses and employees, whether through the regulatory or legislative process, are high priorities for AH&LA.

AH&LA POSITION

AH&LA is committed to working with Congress and the Administration to make necessary changes to the ACA to ensure our industry can continue to provide quality, and affordable health insurance to its employees and their families.

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ISSUE SPOTLIGHT: TECHNOLOGY & DISTRIBUTION

DECEPTIVE PRACTICES

Hotel consumers and businesses have increasingly been impacted by online ads and search engine results, misleading consumers into believing they are booking directly with hotels, falsely branded call centers, or deceiving consumers into believing they are participating in branded rewards points programs. These practices have a high cost for consumers and the hotel industry alike, resulting in a loss to consumers over cancellation fees, lost reservations, frustration and valuable time, as well as damaging the consumer-hotel relationship. Consumers who book their rooms online should not be misled by false and deceptive ads from third parties that prevent them from booking directly with a hotel.

AH&LA POSITION

AH&LA strongly opposes consumer deception in the hotel marketplace. We are encouraging Members of Congress, the Federal Trade Commission, online travel companies, and search engines, to rectify behaviors and business practices that lead consumers astray and hurt the guest experience.

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ISSUE SPOTLIGHT: TECHNOLOGY & DISTRIBUTION

TAX PARITY FOR ONLINE TRAVEL COMPANIES

Online Travel Companies (OTCs) often fail to remit the appropriate level of occupancy taxes because they calculate the amount owed based on the wholesale rate they pay to hotels, rather than on the retail rate paid by consumers. This approach costs state and local governments significant sums of revenue, and for years jurisdictions have sought to close this loophole through litigation and legislation. At the federal level, OTCs have advocated for legislation that would prevent cities and states from collecting the full amount of taxes owed by the OTCs. If such language were to be enacted, it would place hotel companies at a competitive disadvantage in marketing their own rooms.

AH&LA POSITION

AH&LA continues to strongly advocate at the state and local level for OTCs remitting taxes on the retail rate, and against federal legislation that would preempt the ability of state and local jurisdictions to determine their own tax policies. Online retailers of hotel rooms should operate on a level playing field with hotel companies when it comes to state and local occupancy and sales tax.

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SHORT TERM ONLINE RENTAL MARKETPLACE

In some instances, short-term online rental companies, like Airbnb and their hosts, are taking steps to look and act like hotels, but are not subject to numerous laws and regulations that protect the safety and security of consumers. In many markets, lax enforcement combined with an increase in the popularity of short-term online rentals has numerous local governments looking at new ways to tax and regulate companies.

AH&LA POSITION

AH&LA is working to ensure a level playing field within the lodging sector; short term online rental companies, like Airbnb, that are operating as a business should not be able to skirt local, state, and federal tax and regulatory laws that protect consumers and support communities.

PATENT REFORM

In recent years, patent assertion entities (PAEs), commonly referred to as “patent trolls,” have significantly increased the number of harmful, frivolous lawsuits and threats of lawsuits filed against hotels. These lawsuits and threats, which cost the American economy \$80 billion each year, are based on what the PAEs claim are patent infringements due to the use of commonplace technology such as Wi-Fi for guests, online reservations, and other services.

AH&LA POSITION

AH&LA helped form the leading pro-reform coalition, comprised of a broad spectrum of industries including restaurants, realtors, home builders, technology companies and many others, and will be leading efforts to pass strong federal legislation that reduces the frivolous, predatory lawsuits filed by patent trolls and the resulting legal costs.

ISSUE SPOTLIGHT: TRAVEL & TOURISM

INTERNATIONAL TRAVEL

The hotel industry has been a bright spot in job growth leading the nation's economic resurgence and improving employment landscape, with continued growth expected in the coming years. Critical to generating and maintaining this growth has been—and will be—continued focus on increasing the flow of foreign visitors to the United States. In 2013, international travelers to the United States increased 5 percent over 2012 to a record 69.8 million, and overseas arrivals grew by 8 percent to a record 32 million. By 2018, some estimates predict 83.8 million international visitors to the U.S. Initiatives such as BrandUSA, which was reauthorized by Congress in 2014, and the National Travel & Tourism Strategy are key to expanding our share of the world travel market, as are more targeted measures such as the President's decision to expand the validity period of visas for Chinese travelers to the United States.

AH&LA POSITION

Implementation of policies that increase the number of international travelers to the United States, such as the Jobs Originated through Launching Travel (JOLT) Act or other initiatives that expand the availability of visas for foreign visitors without compromising security, remain a high priority for AH&LA.

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ALL TOGETHER POWERFUL