RSC Republican Study Committee

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H.R. 1035—Morris K. Udall Scholarship and Excellence in National Environmental Policy Amendment Act of 2009 *(Grijalva, D-AZ)*

Order of Business: The bill is scheduled to be considered on Wednesday, October 7, 2009 under a motion to suspend the rules and pass the bill. The House passed the bill by voice vote on July 28, 2009. The Senate passed the bill, as amended, on September 23, 2009, by unanimous consent. The bill we are considering today includes the text of S. 1023, the Travel Promotion Act of 2009 which passed the Senate by a vote of 79-19 on September 9, 2009. A similar bill also passed the House in 2008 by voice vote. **Please see the potential conservative concerns listed below on S. 1023.**

Summary of the Morris K. Udall Scholarship portion of H.R. 1035: The bill makes administrative changes and amends the title of the Foundation to add the name, "Stewart L. Udall." The Senate amendment to the bill struck the section in the House-passed bill that would authorize "such sums as may be necessary" to (1) the Trust Fund; and (2) the Environmental Dispute Resolution Fund. The authorization level will stay at $40 million. The bill makes administrative changes and amends the title of the Foundation to add the name, "Stewart L. Udall."

Summary of S. 1023 (*Sen. Dorgan, D-ND*): S. 1023 would create a new agency chartered as a public-private nonprofit corporation to promote international tourism within the United States. The Corporation would not be an agency or establishment of the United States Government and would be subject to the provisions of the District of Columbia Nonprofit Corporation Act. The Corporation would be overseen by a board of directors of 11 members, appointed by the Secretary of Commerce after consultation with the Secretaries of Homeland Security and State. The board would be required to establish annual objectives for the Corporation. The Corporation would establish a tourism marketing plan for each fiscal year, an annual budget, and submit an annual report to Congress and the Secretary of Treasury.

The Corporation for Travel Promotion would collect fees from both private firms operating in the travel industry and a $10 fee placed on visitors coming from visa waiver countries. The Visa Waiver Program (VWP) allows foreign visitors from member countries to come to the United States for up to 90 days without a visa. The money, deposited into the general Treasury and transferred to the Corporation would be used to create marketing campaigns to help bring visitors to the United States. Specifically, the Corporation would develop a plan to:

- Identify, counter, and correct misperceptions regarding United States entry policies around the world.
- Maximize the economic and diplomatic benefits of travel to the United States by promoting the United States of America to world travelers through the use of all forms of advertising, outreach to trade shows, and other appropriate promotional activities.
- Ensure that international travel benefits all states and the District of Columbia and to identify opportunities and strategies to promote tourism to rural and urban areas equally, including areas not traditionally visited by international travelers.
- Give priority to the Corporations' efforts with respect to countries and populations most likely to travel to the United States.

In order to pay for the program, the bill establishes a Travel Promotion Fund. For fiscal year 2010, the Corporation is authorized to receive up to $10 million from the general fund of the Treasury to cover the Corporation's initial expenses and activities under the Act. The Corporation must provide matching amounts from non-Federal sources equal in the aggregate to 50 percent or more of the amount transferred to the fund.

For each of fiscal years 2011 through 2014, the Corporation is authorized to receive up to $100,000,000 from the Treasury to carry out the provisions of the bill (which is why some conservatives view this as a cost of $400 million over four years). The transfer is designed to be paid for by the VWP fee. The Corporation must provide matching amounts from non-Federal sources equal in the aggregate to 100 percent of the amount transferred to the fund.

The legislation authorizes the Corporation to impose an annual assessment, initially set at $20 million on sectors of the travel industry pending their approval.

Finally, the bill establishes an Office of Travel Promotion within the Department of Commerce to serve as liaison to "support and encourage the development of programs to increase the number of international visitors to the United States for business, leisure, educational, medical, exchange, and other purposes." Additionally, the legislation expands upon research and development activities within the Department of Commerce in connection with the promotion of international travel to the United States, including:

- Expanding access to official Mexican travel surveys, revising the design and format of questionnaires to accommodate new survey instruments.

- Developing estimates of international travel exports (expenditures) on a state-by-state basis to enable each state to compare its comparative position to national totals and other states.

- Providing for an evaluation of the Travel Promotion Act of 2009.

Additional Background: The Morris K. Udall Foundation was created by Congress in 1992. It operates scholarship, internship, and fellowship programs for areas of study related to the environment and Native American tribal policy and health care. It aims to contribute to public policy in the areas of environmental, energy, and related economic problems.

Stewart L. Udall (D-AZ) was a member of Congress (1955-1961), Secretary of the Interior (1961-1969), environmental lawyer, and author. Morris K. Udall (D-AZ) was a member of Congress from 1961 to 1991. He ran unsuccessfully for President in 1976. Stewart L. Udall was his brother.

With regard to S. 1023, according to the Heritage Foundation, "In 2008, foreign travelers spent $100 billion in the United States. Foreign tourists often spend three times that of domestic travelers."

Conservative Concerns:

The concerns about S. 1023 expressed by conservatives include, but are not limited to, the following:

- The bill creates a $400 million Travel Promotion Fund funded by fees on international visitors, thus ironically discouraging foreign travel to the United States and encouraging other governments to enact reciprocal fees for American travelers to their own countries. The European Union has already indicated that any American fee might cause them to reciprocate with a fee of their own.

- The U.S. government is getting into the business of advertising for travel destinations – a business that many conservatives might believe should be left up to the states or private industry. The fee will fund an international advertising campaign to encourage travel to the United States. For more information on who will control the advertising campaigns, see Senator Jim DeMint's op-ed in the Washington Post here.

- The fee is levied on people who are already traveling to America.

- The bill creates a new Office of Travel Promotion within the Department of Commerce and yet another public-private corporation that could soon exceed its charter like Fannie Mae did.

- The bill is being crammed into a non-controversial bill in the House because it is a revenue bill which must originate in the House. The $400 million spending bill will not have the opportunity to be amended or properly debated on the House floor because it is being considered under suspension of the rules.

- The European Commission has pointed out in a letter to the House of Representatives that the fee could be contradictory to international agreements on visa-fee-free travel.

Some conservatives support the bill for the following reasons:

- The bill develops a program to encourage travel to the U.S. without implementing a tax on Americans.

- Travel industry feels so strongly that this will encourage travel to the United States that they are willing to match the fee imposed on travelers to the United States dollar for dollar.

- Overseas travel in the U.S. has declined in recent years. This bill will create a campaign to encourage visitors to come to the United States.

- CBO estimates the bill will increase revenues by $135 million over the 2010-2019 period. CBO also estimates that S. 1023 would decrease direct spending by $290 million and reduce budget deficits by $425 million over the 2010-2019 period.

- By marketing tourism to foreigners, Oxford Economics has indicated that the bill could attract 1.6 million new international visitors annually. The new travelers will generate revenue for American businesses of all sizes and will create new jobs.

Committee Action: On February 12, 2009, H.R. 1035 was introduced and referred to the Committee on Education and Labor and the Committee on Natural Resources. The Committee on Natural Resources held hearings on the bill. S. 1023, as passed by the Senate, was never considered by a House Committee.

Administration Position: No Statement of Administration Policy is provided.

Cost to Taxpayers: According to CBO, S. 1023 authorizes $87 million over the 2010-2014 period. Additionally, CBO estimates the bill will increase revenues by $135 million over the 2010-2019 period, net of payroll and income tax offsets. CBO also estimates the S. 1023 would decrease direct spending by $290 million and reduce budget deficits by $425 million over the 2010-2019 period. The Morris K. Udall portion of the bill authorizes a total of $40 million.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, the bill creates a new office of tourism and a new public-private corporation with the purpose of subsidizing advertising.

<u>Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?</u>: Yes, according to CBO "the bill would authorize the Corporation to impose an annual assessment on certain U.S. members of the travel and tourism industry, provided industry members approve the assessment in a referendum. In the event that such an assessment is approved, S.1023 would impose a private-sector mandate on the members of the international travel and tourist industry who would be required to pay the assessment. Based on information from sources in the travel industry, CBO estimates that the payments of such assessments would total about $20 million per year, well below the annual threshold for private-sector mandates established in UMRA ($139 million in 2009, adjusted annually for inflation)."

<u>Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?</u>: An earmarks/revenue benefits statement required under House Rule XXI, Clause 9(a) was not available at press time.

<u>Constitutional Authority</u>: None is cited in the legislation, and a committee report citing constitutional authority is not available.

<u>Outside Groups Opposing</u>: International Air Transport Association, The Heritage Foundation (See Heritage's report **<u>here</u>**)

***Note:** The European Commission is also opposed to this bill.

<u>Outside Groups Supporting</u>: A variety of outside groups are supporting this bill, including, but not limited to the *Chamber of Commerce, Walt Disney Parks and Resorts, Universal Orlando, American Hotel and Lodging Association, Air Transport Association, International Franchise Association, National Restaurant Association.

* indicates that the Chamber may Key Vote the bill

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