

The American Rescue Plan Act (ARPA)

Tourism, Travel, and Hospitality Relief Opportunities

The American Rescue Plan Act (ARPA) was signed into law by President Biden in March, sending \$350 billion to states, local and tribal governments to address the fiscal impacts of the COVID-19 pandemic. Oregon is receiving \$4.262 billion of this funding, with approximately \$2.76 billion going to the state and approximately \$1.5 billion distributed to Oregon cities and counties. The ARPA stipulates 25 percent of these funds be devoted to hospitality industry relief efforts, but the legislative text does not specifically address how states and local governments should allocate funds to meet that goal. The following document provides a comprehensive framework for how those funds can be best leveraged for Oregon's tourism and hospitality industries.

We have a transformational opportunity for Oregon and its many local government partners to address economic losses sustained through the pandemic. The federal Restaurant Revitalization Fund administered through the Small Business Administration providing \$28.6 billion to the restaurant industry is a great start. Those funds will assist many throughout our nation and ARPA funds for Oregon's travel and hospitality industries can assist in furthering the recovery efforts of restaurants who continue to struggle in 2021 while also assisting the broader industry ecosystem including our many lodging establishments and tourism oriented small businesses.

Below are direct excerpts from the ARPA, illustrating the specific focus by Congress and President Biden to prioritize targeted relief to "tourism, travel, and hospitality."

1. Sec. 9901 Coronavirus State and Local Fiscal Recovery Funds

a. page 223 - "Use of Funds - Subject to paragraph (2), and except as provided in paragraphs (3), a state, territory, or Tribal government shall only use the funds provided under a payment made under this section, or transferred pursuant to section 603(c)(4) to cover costs incurred by the State, territory, or Tribal government, by December 31, 2024 - (A) to respond to the public health emergency with respect to the

Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and non-profits, or **aid to impacted industries such as tourism, travel, and hospitality.**"

b. page 228 - "Requirements - "(1) USE OF FUNDS. -Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, nonentitlement unit of local government, or county shall only use the funds provided under payment made under this section to cover costs incurred by the metropolitan city, nonentitlement unit of local government, or county, by December 31, 2024 - "(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or **aid to impacted industries such as tourism, travel, and hospitality.**"

2. Sec. 6001 Economic Adjustment Assistance Grants

a. (page 90) - "(c) of the funds provided by this section, 25 percent shall be for assistance to States and communities that have suffered economic injury as a result of job and gross domestic product losses in the **travel, tourism, or outdoor recreation sectors.**"

The following summary from the Oregon Restaurant & Lodging Association (ORLA) offers a series of strategic public policy proposals to assist Oregon's tourism and hospitality industry recover from its catastrophic recent past, survive its challenging present, and position it to thrive into the future. Each proposal is designed to meet two primary objectives:

- **Provide Ongoing Financial Relief for Hospitality and Tourism Related Businesses**
 - **Invest in Hospitality Workforce Development, Recruitment, and Retention**
-

Provide Ongoing Financial Relief for Hospitality and Tourism Related Businesses

The hospitality industry in Oregon has been disproportionately devastated by the COVID-19 pandemic and seems poised to not just be the first industry to shut down, but the last to recover. The pandemic shuttered more than 1,200 Oregon restaurants to date, reduced sales by over 50 percent for many, and erased more than 50,000 hospitality jobs. The prolonged capacity restrictions, a Spring 2021 COVID-19 surge and lingering doubts by some to travel and dine all contribute to ongoing industry challenges in 2021. Immediate relief is needed just to keep many restaurants and lodging establishments viable. Here are a few strategic approaches that would efficiently deliver relief where it is needed most.

1. Create an Oregon-Specific Hospitality Revitalization Fund - \$150 million

The Federal Restaurant Revitalization Fund is a \$28.6 billion component of the American Rescue Plan Act that seeks to provide grants to small restaurant operators that can demonstrate significant financial loss from the pandemic. It is administered by the Small Business Administration (SBA) and is wildly popular within the restaurant industry, but will not meet demand, leaving many struggling restaurants with no relief. We recommend Oregon create a similar fund using the same criteria and award grants to eligible restaurants and lodging establishments from a total fund of \$150 million. This program would be popular and easy to administer as its requirements are already well known by the industry and the need has proven to exist well beyond current federal allotments.

2. Offer a Meeting and Event Incentive - \$75 million

Oregon's meetings and events sector has been decimated by its inability to conduct business indoors since the onset of the pandemic, which in turn has imperiled many lodging establishments who host these events and/or serve overnight guests. Oregon events including weddings, trade shows and conferences are

responsible for thousands of jobs. Our state's prolonged COVID-19 exposure this spring has set back its ability to attract this business and the industry now finds itself at a distinct disadvantage compared to surrounding states. We propose that Oregon use \$75 million to offer an incentive to book a meeting or event in the state. The incentive would include a 15 percent credit against the hard costs associated with hosting a meeting or event through 2022, including hotel rooms, food and beverage and audiovisual expenses. There are other states enacting similar incentives we can model from.

3. Property Tax and Alcohol License Fee Relief - \$57 million

Travel, tourism, and hospitality related businesses will be facing steep property tax bills for real estate values that do not align with actual revenue received due to COVID. Although this problem is temporary it does represent a clear threat to business sustainability and job recovery efforts. Oregon should establish a \$50 million fund for property tax abatement administered through Business Oregon for the hardest hit businesses who can prove severe ongoing hardship. In addition, a \$7 million fund should be established by the Oregon Liquor Control Commission (OLCC) to provide a full credit to all alcohol licensees in the state. According to the OLCC, a full credit to cover all alcohol license types in Oregon for 2021 costs \$7,032,750.

Invest in Hospitality Workforce Development, Recruitment, and Retention

While all employers have experienced workforce challenges at some point during the pandemic, none come close to the hardships endured by the hospitality industry over this period. According to data provided by the Oregon Employment Department, the hospitality industry experienced a 39% drop in payroll compared to the average across all business sectors during COVID of approximately 9%. As Oregon's vaccine rollout continues, opportunities are now slowly starting to present themselves, creating an entirely new challenge for employers of how to recruit and retain enough workers to meet pent up demand. Whether because of supplemental stimulus and unemployment benefits, an environment of uncertainty related to two shutdowns and ongoing occupancy restrictions or simply the inability to earn tipped revenue at pre-pandemic

levels – hospitality employers are already imperiled by their inability to secure adequate employment levels. As the second largest private employer in the state of Oregon, the hospitality industry's struggle is a macroeconomic struggle for the entire state. As a result, the state should invest in targeted workforce development programs that allow the industry to recover in ways that meet pent up demand to dine and travel. We suggest the following policies be considered to assist with ongoing recovery efforts and workforce needs.

1. Employer Tax Credit for Hospitality Employee Cash Incentives - \$25 million

The state providing a financial incentive to encourage employees to return to work would serve as an efficient mechanism to mitigate the short-term crisis in the industry. We propose allowing an employer with a NAICS code of either 71 or 72 to take a dollar-for-dollar credit for providing a \$1,500 hiring bonus per new full-time employee or \$750 per part-time employee retroactive to March 11, 2021. The bonus would be paid out in increments over a six-month period. The employer would only be eligible to receive the credit for employees making at least 125 percent of the state minimum wage.

2. Hospitality Training Program - \$10 million

As we look to inspire careers and assist the hospitality industry's full recovery, subsidizing education to help jobseekers learn relevant skills to become viable candidates, as well as provide upskilled training opportunities for those already employed who seek to advance, would support the hospitality industry's critical need to rebuild a robust and sustainable pipeline of employees. Examples include stackable and WIOA-compliant accredited certifications offered by the American Hotel & Lodging Educational Institute as well as similar credentials offered through the National Restaurant Association. Other industry-derived and skills-based training has been developed by Oregon industry partners that they deem significant to support Oregon's tourism economy. These include: Travel Oregon's We Speak training and the Oregon Coast Visitors Association / Oregon Sea Grant's Guide & Outfitters Recognized Professional (GORP) program, safety and service training specific to Covid, and plans to develop a DEI training tool for employers and employees. Given consecutive shutdowns have reduced training opportunities, it will be imperative that re-hired employees learn

new skills relevant to the pandemic. Training programs will also be needed as operators seek to hire replacement workers for those who have left hospitality to work in other industries during the COVID shutdowns. We recommend subsidizing the cost to create, offer and administer a systemized delivery of tools and scholarships to achieve these certifications and master needed skills training – so that we can recruit, retain, and advance Oregon's hospitality industry employees.

3. ProStart/Hospitality & Tourism Management - \$2 million

ProStart is a nationwide, two-year high school CTE program that unites the classroom and the industry and builds career pathways. It develops the best and brightest talent into tomorrow's restaurant and foodservice industry leaders. In Oregon, 40 high schools and job centers use the ProStart curriculum with more than 4,000 students participating. Students learn vital kitchen skills, including food safety and knife cuts, and important management lessons, such as menu development and marketing. The state capstone competition, created and administered by Oregon industry professionals, provides a hands-on opportunity for students to demonstrate the skills learned throughout the year and earn significant scholarship opportunities. We are requesting \$2 million to support this CTE program. These funds would help revive programs that have lost momentum due to virtual learning challenges as well as assist the creation of new ones, support the expansion of pathways such as apprenticeships and flow to Oregon's post-secondary education, and strengthen involvement with industry employers.

The CTE Hospitality & Tourism Management (HTM) curriculum and credentials, which have been approved by the Oregon Department of Education prior to COVID, also needs school support via curriculum purchase, educator training and other vital ramp-up strategies in order to bolster the education and workforce opportunities for this segment of the industry. For both programs, a portion of this money would also be used to launch DOL-approved apprenticeships and other career pathway programs. Other states with a substantive tourism industry, like Florida and South Carolina, already operate with a similar HTM curriculum in their schools and career and technical programs.