

TO: Board of Directors
FROM: Executive Committee
DATE: November 19, 2020
SUBJECT: 2021 State Legislative Priorities



SAN ANTONIO
HOTEL & LODGING ASSOCIATION

POSITION STATEMENT:

The San Antonio Hotel & Lodging Association priorities for the 87th Legislative Session center around maintaining and protecting the tourism and hospitality industry. This primarily includes remaining vigilant on collection and intended use of the Hotel Occupancy Tax in a time when the Legislature will be closely examining all sources of income due to a significant predicted shortfall in funds.

The COVID-19 pandemic has affected virtually every aspect of the global economy, with a particularly devastating impact to service industries, resulting in record unemployment and major losses of taxable revenues. The recession is so unprecedented that it is difficult to forecast how long it will take for the state, and the tourism industry, to return to the level of economic activity before the pandemic.

Prior to the pandemic, the Hospitality and Tourism industry employed one in every seven workers in San Antonio and contributed \$213 million to the city in fees and taxes and a total of \$419 million to all local governments combined. In order to stimulate recovery for our industry and generate revenue for both the local and state government, the legislative priorities for the San Antonio Hotel & Lodging Association include:

1. **Protect Local Hotel Tax From Non-Tourism Purposes:** Every legislative session there are proposals by individual local governments to use local hotel tax for general government purposes that have little or nothing to do with tourism promotion. These bills have included use of local hotel tax for street repairs, daycare, economic development, job training, education, etc.
2. **Pursue COVID-19 Related Recovery Funds and Protections For Businesses:** In the wake of the pandemic, we will seek to develop protections for hotels from liability against COVID-19 related claims that create an undue economic burden to businesses having to defend or settle such claims. Additionally, we would seek to allow hospitality-related businesses to apply for funding from money allocated to the State by the CARES Act for Personal Protective Equipment (PPE) expenses, rent or mortgage payments, and other expenses necessary to meet local, state, and federal COVID-19 related safety requirements.
3. **Preserve Tourism Public Improvement District Authority and Clarify The Addition of New Properties:** A Tourism Public Improvement District (TPID) allows area hotels to petition a city for the power to create a tourism district to generate supplemental funding for marketing and sales efforts. The first Tourism Public Improvement District in Texas was established in Dallas and was so successful that it resulted in a subsequent THLA bill that allowed four additional Texas cities to create a tourism PID (Arlington, Fort Worth, San Antonio, and Austin). During the 2019 Legislation Session, all Texas cities were authorized to consider creation of a TPID if it is supported by at least 60% of affected hotel owners. The law specifies that TPIDs may only use TPID revenues for

advertising, promotion, and business recruitment and clarifies that a municipality may add new hotel properties into an existing TPID if the property's addition would not place the number of signed petitions below the cumulative 60% signed petition thresholds for hotels within the District. The law notes that it is not required that the individual added property sign the petition for the property to be added into the District.

4. **Support Statewide Human Trafficking Prevention Training:** In 2019, the American Hotel & Lodging Association (AHLA) released model legislation with a request for all partner state associations to pass legislations in their respective states to require hotel employees to receive annual training on recognizing and preventing human trafficking activity. To aid the efforts of our industry to combat this issue, we support legislation proposed by the Texas Hotel & Lodging Association (THLA) to require human trafficking prevention training in hotels and protect hotels who have implemented trainings from liability lawsuits unless the hotel operator was knowingly complicit in the trafficking.
5. **Support Retention Of State Event Trust Fund Authority:** The Major Events Reimbursement Program (formerly the "Major Events Trust Fund") and the Events Trust Fund allow cities to receive state taxes as reimbursements for many of the city's up-front investments for hosting certain competitively bid major tourism events. This provides a source for matching funds for the costs of city-wide events that have a substantial tourism impact (e.g.; Super Bowl, Final Four, NASCAR, etc.).
6. **Support Full Funding For State Tourism Promotion:** In the 2019 Legislative Session, the state budget for the 2019-2021 biennium passed \$110 million for tourism promotion, an increase of about 223% over the 2017 session. The Governor's state tourism promotional program is set to receive about \$55 million annually for 2020 and 2021. State tourism is a self-funded program with a dedicated funding source with dedicated uses. By statute, funding for the program comes from 1/12th of the state's 6% hotel occupancy tax and the remaining portions help fund all other state programs such as public education, health and human services, etc. Every legislative session, we advocate to secure full state funding for tourism promotion from the 1/12th dedicated portion of the state hotel occupancy tax.
7. **Prevent Government Mandated Employee Benefits (i.e. Paid Sick Leave):** In late 2018, Paid Sick Leave (PSL) became a city ordinance after several grassroots organizations (TOP, Move SA, and Working Texans for Paid Sick Leave) submitted 144 thousand signatures petitioning the city to enact an ordinance similar to the one that passed in Austin. Opposition for this ordinance isn't against the practice of paid sick leave; just that of local municipalities dictating business policies that are in conflict with the Texas Minimum Wage Act, as well as the Fair Standards Labor Act (FSLA). Several pro-business groups filed a lawsuit to request more time to outline the correlation and conflicts between federal, state and local policy and implementation of the ordinance was pushed back. In November 2019, a state district court judge granted a temporary injunction on the grounds that the ordinance was unconstitutional and set a trial date of Sept. 21, 2020, expecting the Supreme Court to consider an appeal on the Austin ordinance prior to that. In June, the Texas Supreme Court denied a petition to review a 3rd Court of Appeals ruling that Austin's paid sick leave ordinance was unconstitutional because it conflicted with the Texas Minimum Wage Act. San Antonio's ordinance is still in limbo and SAHLA will continue to advocate for the ability of our members to set their own business practices in compliance with FSLA.