



January 25, 2024

The Honorable Charles Schumer
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker Johnson, and Leader Jeffries,

On behalf of the American Hotel and Lodging Association (AHLA), we thank you for your commitment to supporting American workers, businesses, and communities and appreciate recent bipartisan progress to address sunset and recently expired tax policies through H.R. 7024, the Tax Relief for American Families and Workers Act of 2024. Specifically, I write to express support for the inclusion of bonus depreciation/full expensing extension and the earnings before tax, interest, depreciation, and amortization (EBITDA) business interest deductibility fix. We urge speedy passage of this critical legislation. Addressing these provisions provides certainty to the American hotel and lodging industry and its workers ahead of further Congressional negotiations regarding other expiring tax provisions next year.

AHLA is the singular voice representing every segment of the hotel industry including major chains, independent hotels, management companies, REITs, bed and breakfasts, industry partners, and more. Today, the nearly 64,000 hotels across the country are considerable drivers of the national economy. The impact of the hotel industry, including supply chain and induced demand provided nearly \$760 billion to the GDP in 2022 and supported more than \$211 billion of federal, state, and local taxes. Hotels are supporting 8.3 million total impact jobs - equivalent to 1-in-25 jobs in the U.S. Notably, the majority of hotels in the U.S. are small businesses which contribute extensively to their local communities.

As we enter 2024, the hotel industry is navigating complex interrelated challenges. Hotels are finding it difficult to offer the same services and/or amenities amidst labor shortages despite rising wages. The rising costs of fuel and heating, food, and laundry supplies further add to the cost of operation. Just as hotels are hoping for the eagerly awaited return of pre-pandemic travel,

Americans are carefully considering travel and discretionary spending costs as they face the same economic uncertainties. The industry is also impacted by the highest interest rates in recent history and related difficulties in commercial lending conditions. Coupling the hospitality industry with additional tax policy uncertainty further adds to these precarious conditions.

For these reasons, AHLA welcomes this bipartisan agreement and specifically notes support for:

- **The extension of bonus depreciation/full expensing.** Full expensing provides incentives for hotel industry members to make capital improvements that support jobs across a myriad of sectors, enhance existing properties, and meet the needs of the traveling public. Congress previously recognized the importance of business owners stimulating the economy by purchasing assets and should continue to do so. Allowing this provision to permanently expire would hinder small businesses' ability to not only make capital improvements but also contribute to local economic growth by supporting skilled tradespeople and manufacturing businesses.
- **The EBITDA fix.** Prior to January 2022, businesses were able to deduct 30% of their earnings before interest, tax, depreciation, and amortization (EBITDA) whereas interest deductions are now limited to 30% of earnings before interest and tax (EBIT). By excluding depreciation and amortization, businesses are now effectively paying both higher taxes and increased financing costs. Hotel owners invest significant capital to renovate, refurbish, and improve their properties to remain competitive in the marketplace. With the current EBIT deduction, businesses are being penalized by an unnecessary burden on such investments.

AHLA appreciates your leadership and desire to find bipartisan solutions that improve the nation's tax code, allowing U.S. businesses to flourish, frontline workers and their families to thrive such as through the enhancement of the Child Tax Credit (CTC), and the U.S. economy to remain the top competitive marketplace in the world. We look forward to working with you in advance of the expiration of key provisions of the 2017 Tax Cuts and Jobs Act on how tax policies can support a vibrant tourism and hospitality industry in the U.S.

Please do not hesitate to reach out if we can be a resource on these or other tax policy matters.

Sincerely,



Chip Rogers
President and CEO
American Hotel and Lodging Association