

3/22/2020

The Honorable Mitch McConnell

Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi

Speaker of the House of Representatives
United States House of Representatives
Washington, DC 20510

The Honorable Charles Schumer

Minority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy

Minority Leader
United States House of Representatives
Washington, DC 20510

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

The coronavirus pandemic is having an unparalleled impact on travel workers and businesses in every community across the country. This impact is having an even greater effect on the \$41 billion U.S. vacation rental community, which is facing a dire situation that will have a reverberating effect throughout the economy.

Vacation rentals make up nearly 20% of the total lodging marketplace. This market is led by professional vacation rental managers who are small businesses and at the most risk of the current economic emergency.

Vacation rentals are often vital backbones for many smaller communities across the country. The vacation rental industry drives tourism in many locations, which reciprocates to other aspects of the travel and tourism market, such as tours, amusement parks, museums, local restaurants, and more! This not only supports the local businesses, but is a major component of local occupancy and sales taxes, which communities rely on.

Our data shows that nationally, reservation cancellations are at an all-time high and go far into the summer travel season. The vacation rental market touches more than just the travel and tourism industry. Extremely low occupancy rates, at record levels, will not only hurt professional property managers, maintenance workers, receptionists, cleaning staff and all those who make vacation homes clean and safe accommodations, but will also have a ripple effect into the greater real estate, home building and other markets. The compounding effect could be devastating to home prices, home starts, and other vital economic indicators.

According to Oxford Economics, in March, April and May of this year, 4.6 million Americans will lose their jobs and travel businesses will lose \$202 billion in revenue due to the coronavirus outbreak. Congress must act now to protect travel workers. Our data shows that there are longer lasting effects past those few months.

Immediate congressional action is needed to protect the workers and employers of the travel industry who, through no fault of their own, are experiencing significant economic losses. Additionally, efforts need to be made to ensure a large scale sell off of vacation homes does not occur, devastating local and regional housing markets and property values. VRMA respectfully urges you swiftly pass legislation to mitigate these continued economic losses, including:

- Through the U.S. Department of Treasury, provide \$150 billion in grants to travel-dependent businesses to maintain employment at pre-coronavirus levels. Severely impacted travel businesses, which are empty or shuttered in the interest of public health, should not be shut off from grants or loan forgiveness to retain employees, simply because they employ too many people to qualify for the CARE Act's SBA support.
- Provide greater financial assistance to severely impacted businesses by increasing the aggregate loan amount for severely distressed industries above \$150 billion and providing the assistance through unsecured loans and loan guarantees. Businesses and employees who, through no fault of their own, are about to lose everything should not have to offer up what's left in order to secure the financing they need to survive the crisis;
- Tax relief to mitigate losses and spur recovery: Among other tax proposals, of utmost importance is permit affected businesses to temporarily defer tax liability, delay or eliminate estimated quarterly tax payments and filings deadlines, and allow for a carryback of the Net Operating Loss (NOL) Deduction.

Time is of the essence. One in 10 U.S. jobs depends on travel, and 83% of travel businesses are small businesses. Specifically, 51% of professional property management companies operate with less than a \$1 million in annual revenue and 54% have fewer than 5 employees. The majority of the coronavirus-related job losses will occur within the next three months, and 4.6 million jobs are at risk. The vacation rental marketplace is one of the most vulnerable markets in the travel ecosystem. We urge you to take immediate action to preserve a thriving travel industry and the livelihoods of millions of Americans—especially those in the communities you represent.

Thank you for your consideration,

Toby Babich

Toby Babich

President

VRMA Board of Directors