

Legislative Day – Policy Priorities March 15, 2016

1) FAA REAUTHORIZATION – NEW DISCLOSURES & TRANSPARENT AIRFARES ACT

The FAA Modernization and Reform Act of 2012 (P.L. 112-95) expires on March 31, 2016, and the reauthorization process will feature debates on critical air travel distribution issues that will impact the travel agency industry. The stakes in these debates couldn't be higher for ASTA members, as travel agents – whether online, brick-and-mortar or hybrid business models in between – play a critical role in our country's commercial aviation system and the broader travel and tourism industry. Agents are responsible for the sale of the majority of air travel in the U.S., selling \$88.3 billion worth of tickets in 155 million transactions in 2015 alone, or over 430,000 air tickets *per day*.

One concern is that policymakers have expressed interest in adding to the list of mandated disclosures travel agents are required to make to consumers when selling air travel (8 to 10 disclosures per transaction, depending on whether the transaction is online or over the phone). Specifically, ASTA is concerned about Section 501 of the House FAA reauthorization bill (H.R. 4441), which would make it an “unfair or deceptive practice” to fail to disclose to a family flying together that it is unable to do so, if that is the case, and mandate a detailed statement to be presented to the buyer in every such transaction. This requirement would apply to travel agents even though everything related to airline seating is controlled by the airlines themselves, and amounts to a government mandate, backed up by the threat of stiff DOT fines, that travel agents “break the bad news” to consumers that they can't sit together when by the time the flight is boarding the seating situation may have changed dramatically for any passenger or family group.

Another concern is the so-called “Transparent Airfares Act.” This airline-supported legislation, introduced in the 113th Congress as H.R. 4156, was added to the House FAA bill during the House Transportation and Infrastructure Committee's February 11 markup and would overturn DOT's 2012 “full-fare advertising” rule. Under this rule, advertised airfares must prominently state the full and final price to be paid by the consumer, including all government-imposed taxes and fees. Charges included within the total price – including taxes and fees – can be listed separately, as long as the total price is displayed more prominently than the individual components. H.R.4156 would effectively repeal this rule, undermining a key consumer protection principle ASTA holds dear – that consumers should know the full cost of air travel before purchasing a ticket.

REQUESTS:

- ✓ **If Congress imposes notification requirements related to families flying together, ensure the burden falls on the entities that actually control airline seating – the airlines – and not travel agents.**
- ✓ **Please oppose the Transparent Airfares Act and prevent its inclusion in the FAA reauthorization bill.**

2) SUPPORT THE FREEDOM TO TRAVEL TO CUBA ACT (S. 299/H.R. 664)

In December 2014, President Obama announced an historic agreement between the U.S. and Cuban governments to ease long-standing restrictions on trade and other interactions between the two countries, including those preventing American citizens from travelling to Cuba. A key part of the new regulations will allow for expanded travel in the 12 existing categories of travel to Cuba allowed by current law (family visits, professional research, humanitarian projects, etc.).

While the Administration's recent actions on Cuba were a step in the right direction, general tourist travel remains banned under current law. Thus, it is up to Congress to do away with the "travel ban" once and for all, providing Americans the freedom to travel across the globe without restriction and allowing them to act as ambassadors of freedom and American values abroad. Lifting the travel ban will also bring follow-on economic benefits to Cuba's neighbors and the travel industry that serves them by sparking demand for new passenger routes, tour operations, and travel agent services. All told, ASTA estimates at least two million additional Americans would visit Cuba by 2018 if there were to be a full lifting of travel restrictions in 2016.

The Freedom to Travel to Cuba Act (S. 299/H.R. 664), introduced in the Senate by Sens. Jeff Flake (R-AZ) and Patrick Leahy (D-VT) and in the House by Reps. Mark Sanford (R-SC) and Jim McGovern (D-MA), would repeal all provisions of law relating to U.S. residents' travel to Cuba in their entirety, saying simply that "the President may not prohibit or otherwise regulate, directly or indirectly, travel to or from Cuba by United States citizens or legal residents." Several other initiatives introduced during the 114th Congress would have the same effect, including S. 491 (Klobuchar), H.R. 634 (Rangel) and H.R. 735 (Serrano).

REQUEST:

- ✓ **Please cosponsor or otherwise support enactment of The Freedom to Travel to Cuba Act (S. 299/H.R. 664) or any similar legislation that will repeal the Cuba travel ban.**

3) SUPPORT THE END DISCRIMINATORY STATE TAXES ON AUTOMOBILE RENTERS ACT (S. 1164/H.R. 1528)

Anyone who has ever rented a car has had the experience of getting a final bill that is far higher than the quoted base price. For more than 35 years, state and local governments have been imposing discriminatory taxes on car rental customers that have serious unintended consequences for consumers and the economy. Since 1990, more than 100 special car rental taxes have been enacted in 43 states and the District of Columbia on top of the broad-based state and local sales taxes already imposed on transactions in those regions. Car rental customers have paid more than \$7.5 billion in special taxes to fund projects that have not benefited them in any way.

ASTA and its members have a significant stake in the debate over car rental taxation, given that in an average year travel agency sales account for 31 percent of the \$24.5 billion U.S. car rental industry. For years, ASTA has expressed concern about the growing trend of state and local jurisdictions levying discriminatory car rental taxes. Left unchecked by Congress, this practice has grown to staggering levels as states and localities look to out-of-state consumers as an easy, low-risk source of funding special projects such as sports arenas, cultural attractions, and other municipal improvements.

The End Discriminatory State Taxes on Automobile Renters Act (“EDSTAR”; S. 1164/H.R. 1528), introduced in the Senate by Sens. Mark Kirk (R-IL) and Richard Blumenthal (D-CT) and in the House by Reps. Sam Graves (R-MO) and Steve Cohen (D-TN), would address this issue by prohibiting state and local governments from imposing new taxes on car rentals – a “grandfather” clause will leave untouched the 118 existing car rental taxes or the projects that they fund. While it is possible that Congress will address this issue in a limited way, focused on airport rentals, through the FAA reauthorization process, the broader problem remains and demands resolution.

REQUEST:

- ✓ **Please cosponsor or otherwise support enactment of S. 1164/H.R. 1528, the End Discriminatory State Taxes on Automobile Renters Act.**

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