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Daylight and Destinations: Examining Time, Travel, and Tourism.

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Introduction

Good morning, Chairman Bilirakis, Ranking Member Schakowsky, and distinguished members of the committee. Thank you for the opportunity to testify today on the state of American travel and tourism and the hotel industry, a sector that is foundational to our national identity and also indispensable to the U.S. economy. My name is Rosanna Maietta, and I am the President and CEO of the American Hotel and Lodging Association (AHLA), the unified voice of the nation's hotels and the tens of thousands of small business owners, franchisees, and community partners who power America's lodging industry and employ millions of workers across the country.

For more than 115 years, AHLA has represented every segment of the hotel and lodging sector, from family-owned small businesses to iconic global brands; from independent inns and bed-and-breakfasts to real estate investment trusts (REITs), management companies, and state hotel associations. Together, we anchor the travel ecosystem that enables Americans and international visitors to explore our great country, creates opportunity for millions of workers, and supports economic vitality in communities coast to coast.

Travel and tourism represent one of America's greatest economic engines. Hotels alone generate nearly $900 billion in GDP annually; contribute $83 billion in federal, state, and local taxes; and support one in every 25 jobs in the United States. The Bureau of Labor Statistics estimates that by 2033, one in every eight jobs will be in the hospitality and leisure sector. Beyond the numbers, travel is what binds us as a nation—connecting families, fueling commerce, strengthening local economies, supporting small businesses, and showcasing the best of America to the world.

The hotel industry offers more than just a job. It creates opportunities for fulfilling, lifelong careers and pathways to accessing a better life – where, regardless of background or circumstances, hotel associates can achieve prosperity through perseverance and a commitment to service. The most distinguished leaders in our industry, from general managers to owners to brand CEOs, can recall starting on property washing dishes, making beds, and serving guests. In every corner of America, from city centers and interstate exits, to roadside attractions, and exotic destinations, hotels are more than just buildings – they are symbols of upward mobility and the success that comes with achieving the American Dream.

Since the pandemic ended, average hotel wages have increased more than 10% faster than average wages throughout the general economy. Hotels provide flexible hours and better benefits to demonstrate commitment to those who comprise the foundation of our industry.

The lodging industry is largely composed of small businesses, including nearly 60% that are owned by franchisees. The franchise model is foundational to the lodging industry as it empowers small and family-run businesses, often first-time entrepreneurs, to create good local jobs and to invest in their communities.

Today, I am honored to share AHLA's perspective on the state of the lodging economy, the policies that can unlock significant economic growth for our country, and the federal actions urgently needed to strengthen American travel and tourism at a pivotal moment for our nation.

Overview of the Current State of the Lodging Economy: Operating Costs, Staffing, Development, and Investment

Recent hotel industry performance indicators show an industry confronting material economic headwinds. According to the latest data, the U.S. hotel industry is experiencing a prolonged period of decline in revenue per available room, which is the standard metric for the industry's health. For hoteliers across the country, this means demand is softening. Occupancy levels have also fallen industrywide, with revenues declining across nearly every chain scale and segment. For the vast majority of hotels, particularly those serving middle-income, business, and public service travelers, the trends translate into thinner margins and increasingly difficult operating decisions.

Staffing shortages remain a central challenge as well. Nearly half of the nation’s hotels remain severely or at least partially understaffed. This imbalance affects the guest experience, limits revenue potential, and constrains the ability of properties to fully capitalize on peak-season demand. In a sector that supports approximately nine million jobs nationwide, these staffing challenges reflect broader workforce shortages and highlight the need for reforms that permit more legal guest workers, workforce development investments, and other policies to expand the labor pool.

Compounding these challenges is a slowdown in hotel investment and development. While the number of proposed projects in the pipeline has grown steadily since 2021, the number of projects actually under construction has declined since the third quarter of 2024, and hotel transaction volume has fallen significantly since 2023. Multiple surveys underscore why: 32% of hoteliers are delaying projects, 24% are scaling them back, and 8% are canceling development plans entirely. Persistent construction cost inflation and restrictive financing conditions, exacerbated by ongoing uncertainty around interest rates and federal policy, are making it harder for hotel owners to renovate aging properties or bring new supply online. Further, 81% of respondents reported higher material and supply costs and nearly 60% cited reduced profitability as a result.

High interest rates constrain the lodging industry’s ability to invest in new development, renovate existing properties, refinance debt, and pursue transactions that would otherwise stimulate economic activity. Lower interest rates would reduce the cost of capital, restart stalled projects, and enable hotel owners to undertake the modernization and expansion necessary to meet evolving traveler expectations. A more favorable interest rate environment would promote additional construction, support thousands of jobs in the skilled trades, stimulate lending activity, and strengthen local economies reliant on tourism.

The lodging industry is fundamentally strong, but these data points collectively paint a picture of an industry that is increasingly stressed. Hotels remain open, resilient, and committed to serving their communities, yet the economic foundation that supports growth is weakening. The decisions Congress will make in the coming weeks and months on government funding, support for international travel, and workforce stability, will determine whether our industry is in the best position to welcome the millions of guests set to come to our country for the World Cup, America 250 and beyond.

The One Big Beautiful Bill Provides Tax Certainty for the Hotel Industry

While the industry is facing many challenges, a particular bright spot for hoteliers came with the passage of the "One Big Beautiful Bill Act." The new law delivered the clarity and permanence that hotel owners and small businesses across the country urgently needed. A central pillar of economic stability for the hotel and lodging sector has long been a predictable and pro-growth federal tax environment. Prior to the law's enactment, hoteliers faced millions of dollars in tax hikes as critical provisions pertaining to business operations, accounting, and real estate were set to expire. These entrepreneurs had already endured unprecedented economic challenges in recent years, and prolonged uncertainty in federal tax policy threatened their ability to reinvest, hire workers, and support their communities.

For hotel owners in particular, the permanency of the small business deduction under Section 199A of the Tax Code was essential and restored confidence. The majority of hotel owners are small business operators who rely on this deduction to manage risk, reinvest in their properties, and sustain local jobs. Equally important was the restoration of full bonus depreciation and immediate expensing, which will enable essential renovations, technology upgrades, security enhancements, and energy-efficiency improvements. Hotels are inherently capital-intensive businesses that require continual modernization, and without these provisions, many small owners faced steep barriers to reinvestment.

Over the next decade, we anticipate the provisions made permanent under the One Big Beautiful Bill will stimulate tens of billions of dollars in new capital investment across the lodging industry. This includes accelerated property upgrades, new development, workforce expansion, and broad-based economic growth in communities across the country.

Impact of Government Shutdown on Industry

By contrast, the recent federal government shutdown intensified pressures on our industry and had real impacts on communities across the country. Nationally, the shutdown cost the American economy an estimated $31 million each day solely from reduced hotel stays, with our members absorbing the bulk of that loss. Overall, the shutdown amounted to more than $1.2 billion in losses to the economy from a lack of hotel stays and over $6 billion in losses to the overall travel and hospitality sector. For an industry dependent on transient guests, these losses can never be recovered. The majority of these impacts were felt most acutely by small business owners and their employees. Furthermore, the loss of travel throughout the shutdown had downstream effects; for every $100 spent at a hotel, another $234 is spent throughout a guest's trip on things like dining, theaters, and retail, all of which generate critical tax revenue for public services. That spending was lost during the shutdown.

When the shutdown hit, the financial loss was not abstract or gradual; it was immediate, stunning, and in many cases irreversible. In the span of just three weeks, one midscale hotel in the Southeast, serving a military community, lost nearly $200,000 in conference business alone. At this one property, a daily loss of more than $2,500 over a two-month period wiped out the revenue that would have supported staffing, utilities, and basic operations. And that hotel is not alone. Up and down Main Streets across America, neighboring properties that rely on military, federal, and associated travel endured a wave of cancellations that erased months of carefully planned income.

In AHLA's most recent member surveys, 64% of hoteliers reported reduced revenue directly tied to the shutdown, and nearly 54% reported a drop in leisure travel as consumers reacted to the uncertainty and economic unease created during the shutdown. These losses were not abstract or confined to large corporations; rather, the strain was felt by hometown businesses across the country, where reduced cash flow meant deferred upgrades, thinner staffing, and mounting financial pressure on local hotel employees and operators alike.

Further, the shutdown upended the lives of many Americans, rattling consumer confidence and prompting trip cancellations during a critical period for hotels and tourism-dependent communities. Visitors who might otherwise book trips delayed plans or cancelled them outright, harming local businesses in gateway cities, national park regions, seasonal businesses, coastal communities, and others that rely heavily on tourism. These impacts extended far beyond the immediate fiscal consequences. Visa processing slowed or halted entirely, diminishing inbound travel. Federal workers responsible for essential travel and tourism-related functions could not perform their duties. National parks and cultural sites closed or operated with limited services. Airport operations faced strain as screening, safety, and customs personnel worked without pay, compounding delays and discouraging travel.

As Congress approaches another funding deadline in January, I urge lawmakers to avoid the brinksmanship that has become all too common in recent years. Even the threat of a shutdown destabilizes the industry, suppressing demand and making it impossible for travel businesses to plan ahead. The American people deserve a stable and predictable budgeting process that supports, rather than interrupts, the economic activity generated by travel and tourism. Preventing another shutdown must be a top priority for lawmakers across the aisle.

Meeting the Moment for Mega Events Nationwide

The years ahead offer an extraordinary opportunity for the United States to showcase itself to the world and reinforce the travel sector economy. Beginning in 2026, the United States will host the FIFA World Cup, followed by the national celebrations associated with the nation's 250th anniversary, and culminating in the 2028 Olympic and Paralympic Games. These events represent a once-in-a-generation wave of global visibility and economic potential. Millions of visitors from across the globe will travel to the United States for these celebrations, filling hotel rooms, supporting local businesses, and stimulating long-term demand for American travel.

The World Cup, set to generate over $5 billion in economic impact across North America, promises to be a game-changer for the hospitality sector. With FIFA projecting $11 billion in revenue for the 2023-2026 cycle, including $3.1 billion from hotel rooms, hospitality rights and ticket sales, event venues have a significant chance to capitalize on the world's largest sporting event. The stakes are just as high when looking ahead to the 2028 Olympics. With an anticipated $11 billion in economic impact, the event will require 40,000 hotel rooms and an Olympic Village for 15,000 participants.

Hotels nationwide are already preparing for these events. Many markets will see surges in occupancy that will provide a much-needed boost to local economies, as visitors attending the games will also travel the country to experience America's cities, landmarks, and cultural institutions. These events will also catalyze tax revenues, investment in infrastructure, property renovations, and workforce development, strengthening the long-term competitiveness of the U.S. travel sector. To fully seize this moment, I urge Congress and the Administration, as well as the business community and localities hosting these events, to come together on pro-growth policies that leverage these incredible opportunities, motivate international travel, and spur economic investment.

The Importance of International Travel and the Need for Federal Support

Despite the promise of future mega-events, the near-term forecast for inbound international travel in 2025 is deeply concerning. The U.S. Travel Association projects inbound international visits will decrease by over 6% this year, even as outbound U.S. travel grows. International inbound travel is accurately counted as a service export. When a foreign visitor spends money on hotels, meals, transportation, and retail in the United States, they are consuming American-produced services that cannot be outsourced. Just like selling a good overseas, the revenue from this foreign spending injects new money into the U.S. economy, making tourism one of America's largest service exports. Declines in international travel will result in the U.S. losing market share to competing nations, resulting in a travel trade deficit tracking close to $70 billion.

Reversing this trend requires swift federal action. First, we urge Congress to restore full funding to Brand USA, the nation's destination marketing organization. Brand USA consistently delivers one of the highest returns on investment of any federal economic program by promoting the United States to international travelers. Cuts or uncertainty in its funding weaken America's competitive position at a time when countries around the world are aggressively courting global visitors.

Second, we urge a delay in the implementation of the Visa Integrity fee. While well intentioned, the fee risks discouraging international visitors and creating additional administrative burdens that could further suppress inbound travel. A delay in the fee's implementation would allow policymakers to evaluate its consequences and ensure that the United States remains an accessible and welcoming destination for global travelers.

Strengthening the Workforce Through H-2B Visa Expansion

The travel and tourism industry remains constrained by persistent labor shortages, especially in seasonal markets that rely on temporary workers to operate at full capacity during peak travel periods. To ensure our industry is prepared for the major events in the coming months and years, our hotels must be fully staffed. In a recent letter to Secretaries Noem and Chavez-DeRemer, a bipartisan, bicameral group of Members of Congress urged the Departments of Homeland Security and Labor to release the maximum allowable number of supplemental H-2B visas for Fiscal Year 2026 in a timely fashion. These visas are critical to helping hotels, resorts, and other seasonal businesses maintain operations, provide essential services, and avoid closures or reductions in service that harm local economies.

Labor shortages have grown more severe in recent years, and the H-2B program plays an essential role in addressing these gaps while protecting American workers. The program's structure ensures that U.S. workers are prioritized and that job opportunities, wages, and working conditions for domestic employees are not compromised. In fact, evidence shows that communities utilizing H-2B workers not only experience lower unemployment and higher average wages but **each H-2B worker supports up to five U.S. jobs**, underscoring the program's role in supporting and growing, not supplementing, the American workforce. Ensuring a timely and adequate release of supplemental visas will help provide the workforce with the certainty needed for hotels and resorts to prepare for their peak seasons and maintain the economic health of tourism-driven communities.

Expanding the H-2B visa program by increasing the cap and releasing supplemental visas ahead of the major events will ensure that hotels have enough time to fill their workforce shortages and be fully staffed ahead of the games.

Supporting the Franchise Model Through Passage of the American Franchise Act

The franchise business model remains foundational to the lodging industry. Franchised hotels support more than 2.8 million jobs and account for nearly 60 percent of all U.S. hotels. They also generate nearly $100 billion in economic impact annually. Franchising has proven to be one of the most successful drivers of entrepreneurship across the United States and throughout our history. The franchise business model lowers barriers to entry, fosters economic mobility, and supports thousands of small business owners who serve as pillars of their communities. Passage of H.R. 5267, the American Franchise Act, would provide essential clarity and protection to preserve the franchise relationship, safeguard brand standards, and prevent regulatory overreach that threatens the stability of this time-tested model. Ensuring the continued strength of franchising is essential to maintaining a diverse and resilient lodging industry.

Conclusion

The future of American travel and tourism is bright, but its success depends on the policy choices Congress makes over the coming months. With tax certainty, stable government operations, robust international promotion, a reliable seasonal workforce, support for small business franchisees, and a healthy capital environment, the United States can unlock extraordinary economic growth and cement its place as the world's premier travel destination. Travel is not partisan. Travel opens doors and builds appreciation for American culture and values. Importantly, it strengthens the fabric of every community and district in every state all across our nation.

Chairman Bilirakis, Ranking Member Schakowsky, and members of the Committee, thank you for your leadership and for the opportunity to testify today. The hotel and lodging industry stands ready to meet this moment. I look forward to working with each of you and this Committee to advance policies that support our workers, empower our small businesses, and ensure America remains the most welcoming nation in the world.

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