107TH CONGRESS 1ST SESSION H.R. 3140

To provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

October 16, 2001

Mr. KENNEDY of Rhode Island (for himself and Mr. HASTINGS of Florida) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Small Business, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jursidiction of the committee concerned

A BILL

- To provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the
5 "Tourism Revitalization And Valued Employee Labor Act
6 of 2001".

1 (b) TABLE OF CONTENTS.—The table of contents of

2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Personal travel credit.
- Sec. 4. Temporary increase in deduction for business meals and entertainment.
- Sec. 5. Net operating loss carryback for travel and tourism industry.
- Sec. 6. Public-private partnership to stimulate travel to and within the United States.
- Sec. 7. Small business travel and tourism disaster loan program.
- Sec. 8. Work opportunity credit.
- Sec. 9. COBRA continuation coverage and other health insurance coverage and unemployment compensation for certain eligible workers.
- Sec. 10. National emergency grants under the Workforce Investment Act of 1998.

3 SEC. 2. FINDINGS.

4 Congress finds the following:

5 (1) Prior to September 11, 2001, more than
6 19,000,000 Americans had been employed in travel
7 and travel-related jobs, with an estimated annual
8 payroll of \$171,500,000,000.

9 (2) In recent years, the travel and tourism in-10 dustry has grown to be the third largest industry as 11 retail sales. with measured by over 12 \$582,000,000,000 in expenditures, generating over 13 \$99,600,000,000 in Federal, State, and local tax 14 revenues in 2000.

(3) In 2000, the travel and tourism industry
created a \$14,000,000,000 balance of trade surplus
for the United States.

18 (4) The travel and tourism industry and all lev-19 els of government are working together to ensure

1	that, following the horrific terrorist attacks on the
2	World Trade Center and the Pentagon on Sep-
3	tember 11, 2001, travel is safe and secure, and that
4	confidence among travelers is maintained.
5	(5) Urgent, short-term measures are necessary
6	to keep working people working and to generate cash
7	flow to assist the travel and tourism industry in its
8	ongoing efforts to retain its economic footing.
9	(6) Increased consumer spending on travel and
10	tourism is essential to revitalizing the economy.
11	(7) The American public should be encouraged
12	to travel for personal, as well as on business, as a
13	means of keeping working people working and gener-
14	ating cash flow that can help stimulate a rebound in
15	the Nation's economy.
16	SEC. 3. PERSONAL TRAVEL CREDIT.
17	(a) IN GENERAL.—Subpart A of part IV of sub-
18	chapter A of chapter 1 of the Internal Revenue Code of

19 1986 (relating to nonrefundable personal credits) is20 amended by inserting after section 25B the following new21 section:

22 "SEC. 25C. PERSONAL TRAVEL CREDIT.

23 "(a) ALLOWANCE OF CREDIT.—In the case of an in24 dividual, there shall be allowed as a credit against the tax
25 imposed by this chapter for the taxable year an amount

equal to the qualified personal travel expenses which are
 paid or incurred by the taxpayer for travel occurring after
 the date of enactment of this section and before January
 1, 2003.

5 "(b) MAXIMUM CREDIT.—The credit allowed to a
6 taxpayer under subsection (a) for any taxable year shall
7 not exceed \$500 (\$1,000, in the case of a joint return).
8 "(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—
9 For purposes of this section—

10 "(1) IN GENERAL.—The term 'qualified per11 sonal travel expenses' means expenses in connection
12 with a qualifying personal trip for—

13 "(A) travel by commercial transportation,
14 including aircraft, rail, watercraft, or motor ve15 hicle, and

16 "(B) lodging while away from home at any17 commercial lodging facility.

18 Such term does not include expenses for meals, en-19 tertainment, merchandise, or services.

20 "(2) QUALIFYING PERSONAL TRIP.—

21 "(A) IN GENERAL.—The term 'qualifying
22 personal trip' means travel within the United
23 States, a possession of the United States, Mex24 ico, or Canada—

1	"(i) the farthest destination of which
2	is at least 100 miles from the taxpayer's
3	residence, and
4	"(ii) involves an overnight stay at a
5	commercial lodging facility.
6	"(B) ONLY PERSONAL TRAVEL IN-
7	CLUDED.—With respect to any individual, such
8	term shall not include travel if, without regard
9	to this section, any expenses of such individual
10	in connection with such travel are deductible in
11	connection with a trade or business or activity
12	for the production of income.
13	"(3) Commercial lodging facility.—The
14	term 'commercial lodging facility' includes any hotel,
15	lodging motel, resort, rooming house, or camp-
16	ground.
17	"(d) Special Rules.—
18	"(1) Denial of credit to dependents.—No
19	credit shall be allowed under this section to any indi-
20	vidual with respect to whom a deduction under sec-
21	tion 151 is allowable to another taxpayer for a tax-
22	able year beginning in the calendar year in which
23	such individual's taxable year begins.
24	"(2) EXPENSES MUST BE SUBSTANTIATED.—
25	No credit shall be allowed by subsection (a) unless

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the taxpayer substantiates by adequate records or by
 sufficient evidence corroborating the taxpayer's own
 statement the amount of the expenses described in
 subsection (c)(1).

5 "(e) DENIAL OF DOUBLE BENEFIT.—No credit shall
6 be allowed under this section for any expense for which
7 a deduction is allowed under this chapter.".

8 (b) CONFORMING AMENDMENT.—The table of sec-9 tions for subpart A of part IV of subchapter A of chapter 10 1 of the Internal Revenue Code of 1986 is amended by 11 inserting before the item relating to section 26 the fol-12 lowing new item:

"Sec. 25C. Personal travel credit.".

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years ending after the
date of the enactment of this Act.

16SEC. 4. TEMPORARY INCREASE IN DEDUCTION FOR BUSI-17NESS MEALS AND ENTERTAINMENT.

(a) IN GENERAL.—Subsection (n) of section 274 of
the Internal Revenue Code of 1986 (relating to only 50
percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following
new paragraph:

23 "(4) TEMPORARY INCREASE IN LIMITATION.—
24 With respect to any expense or item paid or incurred
25 during the period October 1, 2001, through Decem•HR 3140 IH

1 ber 31, 2002, paragraph (1) shall be applied by sub-2 stituting '100 percent' for '50 percent'.". 3 (b) EFFECTIVE DATE.—The amendment made by 4 this section shall apply to taxable years ending after the 5 date of the enactment of this Act. 6 SEC. 5. NET OPERATING LOSS CARRYBACK FOR TRAVEL 7 AND TOURISM INDUSTRY. 8 (a) IN GENERAL.—Paragraph (1) of section 172(b) 9 of the Internal Revenue Code of 1986 (relating to years 10 to which loss may be carried) is amended by adding at the end the following new subparagraph: 11 12 "(H) TRAVEL AND TOURISM INDUSTRY 13 LOSSES.—In the case of a taxpayer which has 14 a travel or tourism loss (as defined in sub-15 section (j)) for a taxable year that includes any 16 portion of the period beginning on or after Sep-17 tember 12, 2001, and ending before January 1, 18 2003, such travel or tourism loss shall be a net 19 operating loss carryback to each of the 5 tax-20 able years preceding the taxable year of such 21 loss.". 22 (b) Special Rules for Travel and Tourism in

23 LOSSES.—Section 172 of the Internal Revenue Code of24 1986 (relating to net operating loss deduction) is amended

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1	by redesignating subsection (j) as subsection (k) and by
2	inserting after subsection (i) the following new subsection:
3	"(j) Rules Relating to Travel and Tourism In-
4	DUSTRY LOSSES.—For purposes of this section—
5	"(1) IN GENERAL.—The term 'travel or tourism
6	loss' means the lesser of—
7	"(A) the amount which would be the net
8	operating loss for the taxable year if only in-
9	come and deductions attributable to the travel
10	or tourism business are taken into account, or
11	"(B) the amount of the net operating loss
12	for such taxable year.
13	"(2) TRAVEL OR TOURISM BUSINESS.—The
14	term 'travel or tourism business' includes the active
15	conduct of a trade or business directly related to
16	travel or tourism, including—
17	"(A) the provision of commercial transpor-
18	tation (including rentals) or lodging,
19	"(B) the operation of airports or other
20	transportation facilities or the provision of serv-
21	ices or the sale of merchandise within such fa-
22	cilities,
23	"(C) the provision of services as a travel
24	agent,

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1	"(D) the operation of convention, trade
2	show, or entertainment facilities, and
3	"(E) the provision of other services as
4	specified by the Secretary.
5	"(3) COORDINATION WITH SUBSECTION
6	(b)(2).—For purposes of applying subsection $(b)(2)$,
7	a travel or tourism loss for any taxable year shall be
8	treated in a manner similar to the manner in which
9	a specified liability loss is treated.
10	"(4) ELECTION.—Any taxpayer entitled to a 5-
11	year carryback under subsection (b)(1)(H) from any
12	loss year may elect to have the carryback period
13	with respect to such loss year determined without re-
14	gard to subsection $(b)(1)(H)$. Such election shall be
15	made in such manner as may be prescribed by the
16	Secretary and shall be made by the due date (includ-
17	ing extensions of time) for filing the taxpayer's re-
18	turn for the taxable year of the net operating loss.
19	Such election, once made for any taxable year, shall
20	be irrevocable for such taxable year.
21	"(5) Related Taxpayers.—Under regulations
22	prescribed by the Secretary and at the election of a
23	taxpayer entitled to a 5-year carryback under sub-
24	section $(b)(1)(H)$ with respect to a travel or tourism
25	loss, such loss may be credited against the taxable

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income earned during the 5-year carryback period by
 any member of a controlled group of corporations
 (as defined in section 1563(a)) of which the tax payer is a component or additional member within
 the meaning of section 1563(b).".

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years ending before, on,
8 or after the date of the enactment of this Act.

9 SEC. 6. PUBLIC-PRIVATE PARTNERSHIP TO STIMULATE 10 TRAVEL TO AND WITHIN THE UNITED 11 STATES.

(a) PROMOTIONAL EFFORTS TO ENCOURAGE TRAVEL.—The Secretary of Commerce is authorized to award
grants and to make direct expenditures in support of a
coordinated, national promotional campaign developed in
consultation with the private sector to encourage individuals to travel to and within the United States.

18 (b) AUTHORIZATION OF APPROPRIATIONS.—

(1) AUTHORIZATION.—Subject to paragraphs
(3) and (4), there is authorized to be appropriated
\$30,000,000 for fiscal year 2002 and \$20,000,000
for fiscal year 2003 for the purpose of funding promotional programs to encourage individuals to travel
to and within the United States.

1	(2) DESIGNATION.—Congress designates the
2	entire amounts described in paragraph (1) as emer-
3	gency requirements pursuant to section $252(e)$ of
4	the Balanced Budget and Emergency Deficit Control
5	Act of 1985.
6	(3) Conditions on disbursement of
7	FUNDS.—None of the funds authorized to be appro-
8	priated under paragraph (1) may be disbursed by
9	the Secretary until he has—
10	(A) determined that a comparable amount
11	of funds will be expended collectively by the pri-
12	vate sector and state and local governments,
13	whether in the form of cash or in-kind contribu-
14	tions, in support of such promotional efforts;
15	and
16	(B) established appropriate procedures to
17	maximize the value of the Federal Govern-
18	ment's expenditure of funds to promote travel
19	to and within the United States.
20	(4) Restrictions on use of funds.—None
21	of the funds authorized to be appropriated under
22	paragraph (1) may be used for purposes other than
23	radio, television, and print advertising and mar-
24	keting programs designed to promote travel to and
25	within the United States.

1	(5) REPORT TO CONGRESS.—With respect to
2	funds authorized for expenditure in fiscal years 2002
3	and 2003, not later than March 30, 2003, and
4	March 30, 2004, as appropriate, the Secretary shall
5	submit to the Committee on Energy and Commerce
6	and the Committee on Transportation and Infra-
7	structure of the House of Representatives and the
8	Committee on Commerce, Science, and Transpor-
9	tation of the Senate a detailed report setting forth—
10	(A) the manner in which the appropriated
11	funds were expended; and
12	(B) total expenditures by the private sector
13	and state and local governments, in the form of
14	cash and in-kind contributions, in support of
15	the programs authorized under this section to
16	encourage individuals to travel to and within
17	the United States.
18	SEC. 7. SMALL BUSINESS TRAVEL AND TOURISM DISASTER
19	LOAN PROGRAM.
20	(a) IN GENERAL.—The Administrator of the Small
21	Business Administration may make loans under section
22	7(b)(2) of the Small Business Act (15 U.S.C. $636(b)(2)$)
23	to travel or tourism small business concerns that suffered
24	substantial economic injury as a result of the terrorist at-

1 tacks against the United States that occurred on Sep-2 tember 11, 2001.

3 (b) SPECIAL RULES.—Notwithstanding the require4 ments of subsections (b) and (c) of section 7 of the Small
5 Business Act (15 U.S.C. 636), the following special rules
6 apply to loans described in subsection (a):

7 (1) INTEREST RATE.—The Administrator may
8 charge interest on any such loan. Such charge may
9 not exceed a rate of 4 percent per year.

10 (2) USE OF LOAN PROCEEDS.—In addition to
any purpose for which the proceeds of a loan made
under section 7(b)(2) of the Small Business Act (15
U.S.C. 636(b)(2)) could otherwise be used, the proceeds of any loan made under subsection (a) may be
used for the following purposes:

16 (A) Retaining existing employees.
17 (B) Continuing health care or other bene18 fits for employees laid off by the concern after
19 September 11, 2001.

20 (C) Refinancing indebtedness incurred21 prior to September 11, 2001.

22 (3) DISASTER AREA.—No declaration of a dis-23 aster area is required.

(c) TERMINATION.—The Administrator may not
 make a loan pursuant to the special rules of this section
 after December 31, 2002.

4 (d) TRAVEL OR TOURISM SMALL BUSINESS CON-5 CERN.—For the purposes of this section, the term "travel or tourism small business concern" means a small busi-6 7 ness concern (as defined in section 3(a) of the Small Business Act (15 U.S.C. 632(a)) that provides a majority of 8 9 the goods and services produced by the concern to busi-10 nesses in the travel or tourism industry, or that is itself in the travel or tourism industry, including any small busi-11 ness concern described in sector 72, subsectors 481, 487, 12 13 and 713, and code 532111 of the North American Industry Classification System codes (as described in section 14 15 121.201 of title 13, Code of Federal Regulations, as in effect on January 2, 2001). 16

17 SEC. 8. WORK OPPORTUNITY CREDIT.

18 Subparagraph (B) of section 51(c)(4) of the Internal
19 Revenue Code of 1986 is amended by striking "2001" and
20 inserting "2002".

1	SEC. 9. COBRA CONTINUATION COVERAGE AND OTHER
2	HEALTH INSURANCE COVERAGE AND UNEM-
3	PLOYMENT COMPENSATION FOR CERTAIN
4	ELIGIBLE WORKERS.
5	(a) ELIGIBLE EMPLOYEE DEFINED.—For purposes
6	of this section:
7	(1) IN GENERAL.—The term "eligible em-
8	ployee" means an individual who has become totally
9	or partially separated, or is threatened to become to-
10	tally or partially separated, from employment with a
11	travel or tourism business (as defined in section
12	172(j)(2) of the Internal Revenue Code of 1986) as
13	a consequence of—
14	(A) reductions in services by a travel or
15	tourism business or hospitality business (includ-
16	ing hotels, restaurants, and catering) as a re-
17	sult of a terrorist action or security measure, as
18	determined by the Secretary of Labor (in this
19	section referred to as the "Secretary"); or
20	(B) a closure of such a travel or tourism
21	or hospitality business in the United States as
22	a result of a terrorist action or security meas-
23	ure, as determined by the Secretary.
24	(2) TOTAL OR PARTIAL SEPARATION.—Deter-
25	minations as to whether an individual has become
26	totally or partially separated, or is threatened to be-

come totally or partially separated, from employment
 shall be made in accordance with such criteria as the
 Secretary shall prescribe, taking into consideration
 the provisions of section 247 of the Trade Act of
 1974 and the purposes of this section.

6 (b) COBRA CONTINUATION COVERAGE ASSIST-7 ANCE.—

8 (1) IN GENERAL.—In the case of an eligible 9 employee, subject to subsection (e), the Secretary 10 shall provide for payment of premiums for COBRA 11 continuation coverage with respect to such employee 12 and members of the individual's family. Such pay-13 ment may be made through appropriate direct pay-14 ment arrangements with the group health plan or 15 health insurance issuer involved. The Secretary may 16 require documentation of election of benefits or 17 proof of premium payment.

(2) COBRA CONTINUATION COVERAGE DEFINED.—For purposes of this section, the term
"COBRA continuation coverage" means coverage
under a COBRA continuation provision (as defined
in section 2791(d)(4) of the Public Health Service
Act) or under section 8905a of title 5, United States
Code.

(c) Optional Temporary Medicaid Coverage
 For Uninsured Eligible Employees.—

3 (1) IN GENERAL.—Notwithstanding any other 4 provision of law, subject to subsection (e), a State 5 may elect to provide, under its medicaid program 6 under title XIX of the Social Security Act, medical 7 assistance in the case of an individual who is eligible 8 for benefits under this bill, who is not eligible for 9 COBRA continuation coverage, and who is unin-10 sured. For purposes of this subsection, an individual 11 is considered to be uninsured if the individual is not 12 covered under a group health plan, health insurance 13 coverage, or under such program or a program 14 under title XVIII or XXI of such Act.

15 (2) LIMITATION TO 18 MONTHS OF COV16 ERAGE.—Assistance under this subsection shall end
17 with respect to an individual on the earlier of—

18 (A) the date the individual is no longer un-19 insured; or

20 (B) 18 months after the date the indi21 vidual is first determined to be eligible for med22 ical assistance under this subsection.

23 (3) SPECIAL RULES.—In the case of medical as24 sistance provided under this subsection—

1	(A) the Federal medical assistance percent-
2	age under section 1905(b) of the Social Secu-
3	rity Act shall be 100 percent;
4	(B) a State may elect to disregard any in-
5	come, asset, or resource limitation imposed
6	under the State medicaid plan or under title
7	XIX of such Act;
8	(C) such medical assistance shall not be
9	provided for periods before the date the indi-
10	vidual is determined eligible for such assistance;
11	(D) a State may elect to make eligible for
12	such assistance a dependent spouse or children
13	of an individual eligible for medical assistance
14	under paragraph (1), if such spouse or children
15	are uninsured; and
16	(E) individuals eligible for medical assist-
17	ance under this subsection shall be deemed to
18	be described in the list of individuals described
19	in the matter preceding paragraph (1) of sec-
20	tion 1905(a) of such Act.
21	(d) Assistance for Employees Not Eligible
22	for Unemployment Benefits.—
23	(1) Applicability.—This subsection applies
24	with respect to individuals who—

1	(A) qualify as eligible employees by virtue
2	of having become totally separated from em-
3	ployment in a State, and
4	(B) would not otherwise be eligible for
5	compensation under the unemployment com-
6	pensation law of that State (as determined
7	under paragraph (5)).
8	(2) TEMPORARY UNEMPLOYMENT BENEFITS.—
9	The Secretary may, in accordance with such terms
10	and conditions as the Secretary shall prescribe based
11	on the Emergency Unemployment Compensation Act
12	of 1991 or similar provisions of law, and subject to
13	subsection (e), enter into an agreement with a State,
14	whereby—
15	(A) individuals described in paragraph (1)
16	who become separated from employment in
17	such State would be eligible to receive tem-
18	porary unemployment benefits from such State,
19	and
20	(B) reimbursement to such State would be
21	made under this subsection for—
22	(i) the full amount of any temporary
23	unemployment benefits paid out by such
24	State under such agreement, and

1	(ii) reasonable costs incurred by such
2	State in the administration of such agree-
3	ment.
4	(3) DURATION AND AMOUNT OF BENEFITS.—
5	Under such an agreement—
6	(A) benefits shall be available to an indi-
7	vidual as long as the individual's unemployment
8	continues or until the individual is reemployed
9	in a suitable position, but for no longer than 26
10	weeks of unemployment, and
11	(B) such benefits shall not, for a week of
12	unemployment, exceed the average weekly ben-
13	efit received by an individual in the State under
14	the State unemployment compensation law dur-
15	ing the most recent 52-week period for which
16	data are available (as of the time of such indi-
17	vidual's application for benefits).
18	(4) DEFINITIONS.—For purposes of this sub-
19	section, the terms "compensation", "State", and
20	"week" have the respective meanings given such
21	terms under section 205 of the Federal-State Ex-
22	tended Unemployment Compensation Act of 1970
23	(26 U.S.C. 3304 note).

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1 (5) REGULATIONS.—The Secretary may pre-2 scribe any operating instructions or regulations nec-3 essary to carry out this subsection. 4 (e) FUNDING.—There is hereby authorized to be ap-5 propriated \$1,750,000,000 to carry out this section in fis-6 cal years 2002 and 2003. 7 SEC. 10. NATIONAL EMERGENCY GRANTS UNDER THE 8 WORKFORCE INVESTMENT ACT OF 1998. 9 (a) IN GENERAL.—Section 173(a) of the Workforce Investment Act of 1998 (29 U.S.C. 10 2918(a)) is 11 amended-12 (1) in paragraph (2), by striking "and" at the 13 end: 14 (2) in paragraph (3), by striking the period at 15 the end and inserting "; and"; and 16 (3) by adding at the end the following: 17 "(4) to a State or local board that applies for 18 assistance under subsection (f) to provide employ-19 ment and training assistance to travel or tourism in-20 dustry workers who are dislocated as a result of the 21 terrorist attacks against the United States that oc-22 curred on September 11, 2001.". 23 (b) REQUIREMENTS.—Section 173 of the Workforce 24 Investment Act of 1998 (29 U.S.C. 2918) is amended by 25 adding at the end the following:

"(f) RELIEF FOR TRAVEL OR TOURISM INDUSTRY
 WORKERS DISLOCATED AS A RESULT OF THE TERRORIST
 ATTACKS OF SEPTEMBER 11, 2001.—

4 "(1) GRANT RECIPIENT ELIGIBILITY.—To be
5 eligible to receive a grant under subsection (a)(4), a
6 State or local board shall submit to the Secretary an
7 application at such time, in such manner, and con8 taining such information as the Secretary may re9 quire.

10 "(2) PARTICIPANT ELIGIBILITY.—To be eligible 11 to receive employment and training assistance under 12 a grant awarded under subsection (a)(4), a worker 13 shall be an individual who has become totally or par-14 tially separated, or is threatened to become totally or 15 partially separated, from employment with a travel 16 or tourism business (as defined in section 172(j)(2)) 17 of the Internal Revenue Code of 1986) as a con-18 sequence of—

"(A) reductions in services by a travel or
tourism business or hospitality business (including hotels, restaurants, and catering) as a result of the terrorist attacks against the United
States that occurred on September 11, 2001, or
a security measure related to such attacks, as
determined by the Secretary; or

"(B) a closure of such a travel or tourism 1 2 or hospitality business in the United States as 3 a result of such terrorist attacks or security 4 measure, as determined by the Secretary. "(3) Authorization of appropriations.— 5 There is authorized to be appropriated \$50,000,000 6 for each of the fiscal years 2002 and 2003 for the 7 award of grants under subsection (a)(4) in accord-8 9 ance with this subsection.".