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Promoting U.S. Tourism: Taxes Are the Wrong Approach

Jena Baker McNeill

The U.S. Senate will soon vote on the Travel Promotion Act of 2009, which would create a government-run U.S. tourism advertising campaign funded by taxes on international visitors. Creating a tax on international visitors is not the right way to stimulate the tourism industry. The economic downturn has not been limited to the United States; pocketbooks worldwide are also feeling the crunch. Making travel to the U.S. more expensive will likely encourage would-be tourists to stay at home or spend their money on a trip to another country.

To truly promote the tourism industry, Congress should leave travel promotion to the private sector and focus instead on making travel easier, safer, and more streamlined, thereby expanding the opportunities for visitors to travel to the United States.

The Travel Promotion Act of 2009. The tourism industry is the second-largest service export industry, and it has been badly bruised by the current economic downturn. It is estimated that in 2009 there will be an 8 percent decrease in foreign visitors to the U.S.

In response, Senators Byron Dorgan (D-ND) and John Ensign (R-NV) introduced the Travel Promotion Act of 2009. It would impose a \$10 fee on visitors coming from visa waiver countries. The money would be used to create marketing campaigns to help bring visitors to the United States. While marketing campaigns are certainly helpful in promoting the United States, a new federally funded body managing and coordinating programs—which

would add another layer of bureaucracy—would likely cause delays, stifle innovation and creativity, and waste government dollars.

America's Tourism Industry. U.S. tourism does not benefit only the foreign traveler. The tourism industry produces the following benefits:

- *It stimulates the economy.* In 2008, foreign travelers spent \$100 billion in the United States. In fact, foreign tourists often spend three times that of domestic travelers—an extraordinary investment in the U.S. economy. Although the tourism industry has suffered in today's rough economic climate, the more visitors spend in taxes—such as the one proposed under the Travel Promotion Act—the less they have to spend in the United States on everything from hotels to cabs and souvenirs.
- *It promotes America's image abroad.* When foreign travelers come to America, interact with Americans, and gain an understanding of what makes America great, they share these positive experiences with members of their own societies, helping to improve America's image abroad.
- *It keeps Americans safer.* Programs like the Visa Waiver Program (VWP)—which allows foreign

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visitors from member countries to come to the United States for up to 90 days without a visa—bring more tourism dollars into the United States. But the VWP also makes America safer by ensuring that the U.S. knows more about foreign visitors before they reach U.S. soil. Furthermore, the information-sharing agreements that go along with country membership in the VWP help the U.S. stop acts of terrorism, and preventing acts of terrorism further preserves tourism. After 9/11, tourism plummeted; the safer an individual feels, the more likely he or she is to visit.

Stimulating the Tourism Industry. America does need to work diligently to support sectors of the economy such as the tourism industry. But adding another level of bureaucracy and spending more government dollars is not the right approach. The federal government should instead do the following:

- *Leave tourism promotion to the private sector.* Tourism promotion and advertising are private-sector functions. With decades of experiences in the business, private-sector companies know the best methods for promoting tourism.
- *Expand the Visa Waiver Program.* The VWP is an excellent way to sustain the tourism industry, make Americans safer, and improve the U.S.'s image abroad. The Department of Homeland Security (DHS) and Congress should work together to ensure that the membership process continues. Several steps can ensure this happens. First, Congress should transfer permanent waiver authority to the DHS and decouple VWP from the biometric air-exit mandate—which would require DHS to biometrically track the exit of foreign passengers leaving the United States by air—so that the current DHS visa waiver authority does not expire if DHS does not deploy air exit by

July 1, 2009. Second, DHS must ensure that the biennial reviews of VWP member countries are a meaningful exercise and that VWP member countries, just like new members, enter into bilateral agreements to implement post-9/11 VWP security requirements. Third, Congress should ensure that the new Electronic System for Travel Authorization (ESTA) is user-friendly through multiple-language availability and reliance on quality databases.

- *Target border infrastructure investments at ports of entry (POEs).* Congress and DHS should address infrastructure deficiencies at POEs. These POEs are dilapidated and inefficient. Wait times continue to dissuade people from coming to the United States. Investments in this infrastructure will support tourism by making travel between the U.S. and other nations more efficient.
- *Improve visa services.* Congress should move forward on visa reform so that employers can legitimately get the workers they need to grow the economy. These same employees are likely to be tourists while in the United States, using their time abroad to see America and taking a positive image back to their home countries.

Make Travel Easier. While taxes might put more money in the coffers of the federal government treasury, they will not do much to help the ailing tourism sector of the U.S. economy. It is time for Congress to do what it needs to do—make travel easier—and leave the rest to the private sector.

—Jena Baker McNeill is Policy Analyst for Homeland Security in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.