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The Tourism Promotion Act of 2009: Doing What Government Does Not Do Best

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The Senate is set to reconsider a cloture vote on the Tourism Promotion Act of 2009. This legislation would create another government entity—this time a corporation, funded on the backs of foreign tourists—to be used to promote travel to the U.S.

While promoting tourism is absolutely vital to America's economic well-being, this is just the kind of activity that the government should stay out of. Taxing tourists so that the U.S. can encourage tourism simply makes no sense and sends the wrong message to America's allies. Instead of promoting tourism through the Tourism Promotion Act, the government should stick to its current tourism-related responsibilities: making travel to the U.S. easier by expanding the Visa Waiver Program (VWP), improving visa services, and upgrading infrastructure at key ports of entry.

Tourism Positive for the U.S. In 2008, foreign travelers spent \$100 billion in the United States. In fact, foreign tourists often spend three times more than domestic travelers on items like souvenirs, restaurants, and hotels, providing an extraordinary investment in the U.S. economy.

Aside from the economic benefits, tourism also helps promote America's image abroad. When foreign travelers come to America, interact with Americans, and gain an understanding of what makes America great, they then share these positive experiences with members of their own societies, helping to improve America's image around the world.

The Tourism Promotion Act. As Ambassador John Bruton, head of the European Commission

Delegation, phrased it, the Tourism Promotion Act "sounds very reasonable. But there's a catch. While seeking to attract international visitors, the same legislation would also foot them with the bill for paying for this program." The bill would place a \$10 per person tax on visitors coming to the United States under the VWP. While \$10 may not seem like a lot of money, it could be used to purchase a night at a casual restaurant, baseball tickets, or a cab ride. And for families traveling together, the cost would only be compounded. By taxing a family of six \$60, the VWP would, in essence, penalize larger families who decide to bring their children to visit the U.S.

Furthermore, since this bill was introduced, there have been proposals that would increase the tax to \$20 per person. While not necessarily a part of the final bill, such a proposal demonstrates that there is an appetite in Congress for increasing the amount of the tax. Over the long term, increased fees could kill the VWP by making it economically unfeasible for foreign travelers to use the program.

Encouraging tourists to come to the United States is an admirable goal. But it is simply illogical to do so by taxing foreign visitors. Furthermore, this bill is a bad approach for the following additional reasons:

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- *It is the wrong kind of business for government.* While the bill is touted as a public-private partnership, in reality it is more government and not enough private sector. The bill promotes the kind of excessive government that leads to bureaucracy and inefficiencies—two results that could kill any of the benefits associated with such a corporation. Furthermore, advocates insist that the private sector will have to help foot the bill for the corporation. But in reality, these “assessments,” as they are called, have no teeth—the government has little power to force the private sector to pay the assessments—meaning the corporation will require more government dollars or more taxes on visitors to survive in the future.
- *It sends the wrong message.* The new Electronic System for Travel Authorization (ESTA) was created as a security device. Therefore, tacking on fees for all sorts of things sends a message to America’s allies that this nation does not take its VWP relationships seriously. While the amount is only \$10 now, one can easily envision a scenario where this amount increases until it is no longer efficient to travel through the VWP—essentially killing the program.
- *It does not make sense.* Taxing visitors as a means of encouraging visitors to come to the U.S. is simply illogical. Promoting tourism should mean that Washington takes away every impediment to travel while still keeping Americans safe, not increasing the penalties and burdens of travel.

Promoting America. The government can best promote America by making its travel processes easier, more streamlined, and safer. This makes travel more enjoyable, which, in turn, makes tourists more likely to visit the U.S. Consequently, the government should do the following:

- *Leave tourism to the private sector.* Tourism promotion and advertising are private-sector functions. With decades of experience in the business, private-sector companies know the best methods for promoting tourism.
- *Expand the VWP.* 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 required DHS by the end of June to biometrically track the exit of foreign passengers leaving the United States by air. DHS waiver authority has been suspended and should be revived. 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 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.

Leave It to the Experts. The United States can and should take its tourism industry seriously. It should be a better facilitator of travel and work with America’s allies to expand opportunities for those who desire to visit the U.S. But marketing and promotion is not what the government does best. Washington should leave the P.R. blitz to those who do it the best: the private sector.

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