



**American Society of Travel Advisors (ASTA) – Requests for “Round 4” Coronavirus Relief**  
*April 14, 2020*

The vast majority of U.S. travel agencies (98 percent) are small businesses according to Small Business Administration’s (SBA) standards, and over two thirds of them are owned and operated by women. At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 40,000 self-employed travel advisors working mostly as independent contractors (ICs). Due to the coronavirus crisis and its impact on travel, new business has largely come to a halt in the past few weeks and layoffs and agency closures have begun in earnest. As of mid-March, 77 percent of ASTA members predicted they will be out of business in six months or less if current conditions hold, and the situation has continued to deteriorate since then.

While we understand that many industries are facing critical challenges right now, we view a scenario where the largest travel companies survive this crisis while the thousands of overwhelmingly small businesses that distribute their products are allowed to fail is an unacceptable outcome. Our requests to Congress, some specific to travel and some relating to general support for U.S. businesses, are as follows:

**Expansion of Payroll Protection Program**

The centerpiece of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), the \$349 billion Paycheck Protection Program (PPP) is designed to provide a direct incentive for small businesses to keep their workers on their payrolls. Under the PPP, businesses with 500 or fewer employees, as well as independent contractors (ICs) and the self-employed, can apply for a low-interest, forgivable loan of up to \$10 million from any existing SBA lender or through any federally-insured depository institution or credit union participating in the program.

While the program has provided a critical financial lifeline to those of our member companies who have successfully been able to apply since its launch on April 3, shortcomings associated with the initial rollout suggest the need for improvements. Our concerns, summarized, are that the program’s funding will be quickly depleted; that the last-minute rules put in place by the SBA make the loans less attractive to both borrowers and lenders; that the parameters of the program will leave both larger (those with more than 500 employees) and smaller (ICs) travel agency businesses without relief; and that overly restrictive “hire-back” provisions incentivizes adding to payroll at a time when business remains at a standstill as opposed to when business is expected to return later this year.

As such, based on member feedback gathered before and after the PPP’s launch, we recommend the following changes in any upcoming coronavirus relief legislation:

- Increase the employee cap for PPP eligibility to 2,000;
- Amend sections 1102(a)(2)(D)(iii) and (iv) to provide flexibility to travel agencies (NAICS code 5615) with regard to businesses with more than one location and to SBA affiliation rules;
- Increase the funding ceiling for the PPP to \$750 billion;

- Extend the PPP through December 30, 2020;
- Increase the maximum loan threshold from 250 percent of monthly payroll to 400 percent of all business expenses;
- Increase the loan terms to at least five years as compared to two years set on April 2 by SBA, giving travel agencies more affordable payments and additional time to pay the loans back;
- Clarify whether travel agency payments to ICs count as “payroll” for the purposes of PPP loan amounts (Section 1102(a)(1)(B)(vii)(bb) of the CARES Act and the SBA’s April 2 Interim Final Rule conflict on this topic);
- Treat independent contractors and the self-employed equally and not force them to the “back of the line,” as we fear the current week-long application gap between free-standing businesses and ICs will do;
- Increase loan forgiveness provisions from eight to 12 weeks and allow the “forgiveness clock” to begin running at the borrower’s discretion based on business conditions as opposed to the date of loan origination; and
- Open the program to 501(c)(6) non-profits, so that ASTA and other travel industry trade associations, facing severe challenges at the same time as their members, can participate.

#### **Additional Funding for Ticket Agent Loans**

Under Section 4003(b)(1) of the CARES Act, the Treasury Department is authorized to make up to \$25 billion in loans and loan guarantees for passenger air carriers; eligible businesses performing inspection, repair, replace, or overhaul services; and ticket agents (as defined in section 40102 of title 49, United States Code). That statute defines a ticket agent is: “[a] person that as a principal or agent sells, offers for sale, negotiates for, or holds itself out as selling, providing, or arranging for air transportation” – in other words, the brick-and-mortar, online and hybrid travel agencies that make up ASTA’s membership.

While we expect the majority of our membership to avail themselves of other relief options in the CARES Act over the next few weeks and months – the Paycheck Protection Program in particular – given the scale of the disruption to our part of the travel industry we believe there will be intense agency interest in the Section 4003(b)(1) loans and loan guarantees. Applications for this program are due April 17, so as of this writing we have no way of knowing how much of this \$25 billion will be set aside for travel agencies as opposed to airlines or repair stations, but it is unlikely to be enough to meet the needs of agencies across the country. As such, ASTA requests that Congress provide the Treasury Department with additional funding to extend loans to ticket agents under Section 4003(b)(1).

#### **Additional Funding for Emergency Economic Injury Program**

Section 1110 of the CARES Act created a new \$10 billion grant program, leveraging SBA’s Office of Disaster Assistance infrastructure, to provide small businesses with quick, much-needed capital. Under the Emergency Economic Injury Disaster Loan program, small businesses, independent contractors and others are eligible to receive up to \$10,000 to cover immediate payroll, mortgage, rent, and other operating expenses while they wait for additional relief to be processed in the form of an Economic Injury Disaster Loan (EIDL). Judging from ASTA member feedback and news reports, however, this program has been quickly overwhelmed, with the SBA capping emergency grants at \$1,000 per employee and limiting total loan amounts to \$15,000 (a small fraction of the maximum \$2 million the program promises). As such, ASTA requests that at least another \$50 billion is put into this program.

#### **Enhanced Support for Employees of Larger Businesses**

ASTA supports the recommendations of the U.S. Travel Association, the American Hotel & Lodging Association and others, as transmitted on April 10, to make enhancements to the Treasury Department’s

Exchange Stabilization Fund (ESF), intended to help larger businesses retain employees and remain solvent during the protracted economic shutdown. Specifically, ASTA supports amending the CARES Act to provide ESF loan forgiveness that mirrors PPP loan forgiveness, enabling mid- to large size businesses to obtain up to three months of loan forgiveness for employee retention and basic expenses; and clarifying that the Treasury Department may serve as the facility for direct lending to severely impacted businesses, similar to the direct loans that the Treasury Department is authorized to make to airlines and aviation businesses. Currently, the CARES Act only allows the Federal Reserve to make direct loans on a widely available basis with strict credit and financial solvency requirements, which is prohibitive toward the most severely impacted businesses, since many don't meet the financial conditions required to access the loans.

### **Airline Customer Service Commitments**

At the same time they are dealing with an unprecedented collapse of travel demand and business income zeroing out due to the coronavirus, travel agencies are working around the clock to accommodate clients whose travel plans have been disrupted. In cases where a credit card was used for purchase but the travel did not occur, consumers have the ability under the Fair Credit Billing Act of 1974 to dispute the charge. Such scenarios – more common now than ever before – can result in the travel agency that booked the trip being held financially liable for the charge, either by the credit card company or by the airline. As many of these difficulties flow from airlines' inflexible refund and rebooking policies, ASTA requests that in the wake of the financial assistance provided to the airline industry through the CARES Act, Congress take the opportunity in the next bill to require the airlines to do the following:

- Relax existing fare rules to accommodate requested refunds for any flight through the end of 2020;
- Refrain from issuing agency debit memos for credit card chargebacks on canceled flights/trips for which the airlines are refusing refunds today;
- Ensure all tickets on flights canceled by the carrier be fully refundable and not merely credited for future travel, if such refund is requested by the consumer;
- Permit travel advisors to process all refunds via their Global Distribution System and/or the Airlines Reporting Corporation;
- Forego penalty charges or change fees for canceled or rebooked flights during the crisis;
- If the traveler opts for a credit rather than a refund, provide the opportunity to use any credit issued for unused tickets for a minimum of two years from the original departure date;
- Protect original agency commissions/incentives on air bookings should the tickets be exchanged, rebooked or refunded;
- Ensure that ancillary fees for any flight booked in 2020 that is subsequently cancelled are fully refunded to the traveler; and
- Direct travelers who have booked through an agency to contact the agency (and not the airline) to process refunds and exchanges, thereby protecting the integrity of the agency's financial reporting systems.

#### CONTACTS:

*Eben Peck, ASTA Executive Vice President, Advocacy  
(202) 573-2914 or epeck@asta.org*

*Genevieve Strand, ASTA Director, Advocacy  
(202) 751-5183 or gstrand@asta.org*

*Richard Hoar, Senior Vice President, Banner Public Affairs  
(727) 743-6730 or rhoar@bannerpublicaffairs.com*