U.S. TRAVEL PROMOTION ACT SIGNED INTO LAW

President Obama signed the U.S. Travel Promotion Act into law (March 4, 2010), creating a nonprofit organization (public-private partnership) that will be overseen by the U.S. Commerce Department to promote the U.S. as a business travel and tourism destination - and help explain security and entry policies into the country. Politicians and many in the U.S. hospitality industry proclaim this as a victory.

The national tourism office will be funded with up to US$200 million to create a marketing campaign to international visitors. Sounds great, right? Not so fast. At least half of this money will come from a new tax scheme.
A US$10 fee will be charged to international visitors from 35 countries that participate in the Visa Waiver Program (VWP) to cover up to US$100 million of the budget. The fee would be assessed once every two years, allowing unlimited visits into the U.S. during that time. **The legislation also allows the U.S. Department of Homeland Security to charge a separate administrative fee which some say will amount to US$2-3 per transaction** to manage the program - costing another US$20-30 million each year. Individuals are likely to incur personal credit card fees as well.

The other US$100 million will be covered by a combination of in-kind and cash investments contributed by third parties in the U.S. tourism industry - most of these organizations already have a financial interest in promoting themselves to international travelers.
While the fees may sound nominal, it's something that has many people from the impacted countries upset, says Steve Lott, spokesperson for the International Air Transport Association (IATA), Washington, DC.
"Other countries charge their entry/exit fees every time you enter," a US Travel Association spokesperson explains. "The US$10 fee is far lower than similar fees - ranging from Ireland's US$14 entry tax to the UK's whopping US$100 - paid by Americans when they travel abroad. And with a mere 35 countries that would be required to pay the fee, fewer than 30% of foreign travelers will be affected."

The USTA's reference to the UK may be appropriate; however, the UK's Air Passenger Duty (tax) is viewed quite controversially, and some in the UK are concerned that it will negatively impact tourism as the fee continues to increase. The UK introduced a small fee to generate needed revenue in 1993, and the tax has grown significantly since then. And just because someone else charges a fee isn't enough of a reason for others to follow.
The IATA has taken a position against the U.S. fee, saying that an entry or exit fee charged by other countries is a matter of comparing apples to oranges: none of the 35 countries have a tourism-specific fee.
IATA isn't the only business travel organization against the fee. The National Business Travel Association (NBTA) doesn't support it either "because it taxes the traveler to pay for an item that doesn"t tangibly benefit the traveler," says Shane Downey, director of public policy for the NBTA, Alexandria, Virginia.
Nobody is questioning the importance of creating a U.S. tourism office - or a needed marketing campaign.
But it's important to know that roughly 47 million international business and leisure travel

visits were made to the U.S. in 2009 (excludes Mexico) - a decline of about 6%, and the amount they spent dropped by 15% to about US$122 billion (includes Mexico), according to data from the U.S. Office of Travel & Tourism Industries, Washington, DC. In general, overseas travelers spend about US$4,500 per trip to the U.S., according to the USTA.

Given the amount international visitors already contribute to the U.S. economy, why isn't the cost of the program being covered from existing taxes?
It seems unfortunate that the fees are tied to visitors from VWP countries - a program initially developed to streamline and encourage international tourism to the U.S. It was chosen because the VWP system already exists and can be easily modified to capture a new fee.
The verdict is also out as to whether the U.S. has risked alienating individuals and governments from some of these countries who may opt to visit elsewhere and/or establish retaliatory fees upon U.S. international visitors to their countries. If that happens, this legislation should ultimately be viewed as a new tax on U.S. international travelers.
As for the argument that this is needed because the U.S. isn't promoting itself internationally, this is simply misleading. Many U.S. cities and states advertise and participate in international travel shows around the world.
It has already been reported that the U.S. plans to promote its tourism to emerging markets, including Brazil, China and India. I, of course, want travelers from these and other countries to know that they are welcome in the U.S. But I'm not sure how business travelers and tourists from Australia, Japan, Spain and other countries may feel as they pay an extra fee to cover the cost of that campaign.
So is it only a matter of time before other countries will be asked to pay a U.S. entry fee for tourism?

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