

ARVC NATIONAL ISSUES BULLETIN

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An e-mail service for members of the National Board of Directors, the Chairman's Club, the Public Affairs Committee, the Business Forum and State Association Executives by ARVC Consultants Aubrey King (301.464.8060) and David Gorin (703.448.6863), who can provide more details on any of the issues reported here. Comments or suggestions are always welcome.

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Federal Highway Reauthorization

In July, in a surprising development, U.S. Department of Transportation Secretary Ray LaHood, speaking on behalf of President Obama, recommended an 18 month highway reauthorization bill instead of the six year reauthorization bills that have been enacted for more than three decades. LaHood is supported by Senate Environment and Public Works Chair Barbara Boxer and Senate Appropriations Transportation Subcommittee Chair Patty Murray. Two factors appear to underlie this position: (1) the \$27.5 billion in additional funding for the highway infrastructure that was included in the Stimulus Bill passed less than six months ago; and (2) the resistance to increased gas taxes or other fees that most observers believe will be essential to pay for adequate future highway needs. Secretary LaHood further emphasized that an immediate fix must be legislated to patch a shortfall in the Federal Highway Trust Fund expected as early as August, 2009. He said another \$5-7 billion will be needed in the trust fund to pay the bills through September and another \$8-10 billion in 2010. (See following

article regarding emergency highway funding.) In total, he said Congress must come up with \$20 billion for the trust fund through 2010.

Strongly in support of a six year reauthorization are House Transportation and Infrastructure Committee Chair Jim Oberstar (D-MN) and Ranking T & I Committee Member John Mica (R-FL), along with nearly every major highway interest group, including the American Association of State Highway and Transportation Officials, Associated General Contractors and the U.S. Chamber of Commerce. Oberstar called the Administration position "unacceptable."

On June 18th, Chairman Oberstar released an 85 page outline of the T & I Committee's agreed position on a \$450 – 500 billion six year reauthorization bill. No significant changes are proposed in programs directly benefiting travel, tourism and recreation, such as scenic byways or the transportation enhancement program. Nothing is said about revenue sources for the new reauthorization since that will be the responsibility of the House Ways & Means and the Senate Finance Committees.

The effect of these developments is to create a highly uncertain situation and thrown into doubt the future of reauthorization in 2009. Chairman Oberstar continues to aim for House passage of reauthorization legislation before the August recess although Senate willingness to take up the bill is obviously in doubt.

Federal Highway Program Emergency Funding

Just before the start of their August recess, both Houses of Congress passed legislation to keep the Highway Trust fund solvent through August and September with \$7 billion transfusion, thereby also deferring until October resolution about how to address the pending expiration of SAFETEA-LU on Sept. 30. The Obama Administration and the Senate favor an 18-month extension, but the House Transportation & Infrastructure Committee chairman remains firm in favor of advancing a fully funded six-year bill as soon as possible.

Without the \$7 million supplemental appropriation, the Trust Fund would have run short of cash to liquidate obligations sometime in early August, leaving states and communities around the country in the lurch.

Travel Promotion Act

Senate Majority Leader Harry Reid (D-NV) has promised to try to bring the Travel Promotion Act (S. 1023) up for a floor vote before the Senate adjourns for its August recess. It is unclear whether the Republicans will cooperate. A majority of the Senate are now cosponsors of the TPA.

Expected passage of the Travel Promotion Act (S. 1023) in the Senate in June was stalled because of partisan wrangling between Republicans and Democrats. Republicans have prevented a floor vote complaining that they were not allowed to attach non-germane amendments to the bill. Majority Leader Harry Reid (D-NV) vehemently denied blocking such amendments and accused the Republicans of partisan intransigence. Regardless of who is to blame, the consequence was at least to delay Senate action.

In the meantime, another bipartisan version of the bill, also called the Travel Promotion Act, has been introduced in the House of Representatives by Congressmen William Delahunt (D-MA) and Roy Blunt (R-MO) as H.R. 2935. Both Senate and House bills, they are very similar and would establish a public-private corporation, with an eleven member board of directors, to increase international visitation to the U.S. Both bills would require this new corporation to “identify opportunities and strategies to promote tourism to rural and urban areas equally.” Both would provide \$100 million in annual Federal funding from a new charge collected from visitors from visa waiver countries that would have to be matched by private sector funding. Both would authorize a mandatory self-imposed assessment on travel and tourism businesses to generate the matching funds. In the 110th Congress, more than a majority of the House cosponsored similar legislation, which actually passed the House but did not get a vote in the Senate.

Differences between the two bills include: (1) The Senate bill mandates **two** positions of the corporation's board of directors to be filled by someone with appropriate experience and expertise as an official of a State Tourism Office while the House bill only requires that one position be filled by someone with that State Tourism Office experience and expertise. (2) The Senate bill establishes a new Office of Travel Promotion in the Department of Commerce while the House bill is silent on such an office, leaving no one between the new corporation and the Secretary of Commerce (who appoints the board of directors).

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If S. 1023 is not passed by the Senate as a stand-alone bill, the tourism industry will focus on getting the House bill passed with the objective of moving it to the Senate either as a standalone bill or attached to other legislation.

Following the Travel Promotion Act's “near miss” in the last days of the regular session of the 110th Congress in the fall of 2008, the travel and tourism industry was unsuccessful in getting it added to either of the two stimulus packages considered (but not enacted) by Congress in the lame duck sessions following the elections or in ARRA, as it was enacted in the early days of the 111th Congress.

National Parks Centennial Initiative

No legislation has yet been introduced in the 111th Congress to authorize the centennial initiative program as was proposed in the 110th Congress but the full House of Representatives approved \$25 million for matching centennial challenge grants. Nothing is provided in the Senate Appropriations Interior Subcommittee appropriations bill apparently because the committee did not believe it was needed so soon after the National Park Service received \$920 million for park infrastructure projects in the Stimulus Bill earlier this year.

Federal Land Agency 2010 Appropriations

Congress is moving more rapidly on 2010 appropriations bills than has been the case in recent years. Interior Appropriations bills, which include funding for all land agencies except the Corps of Engineers, have been approved by the full House of Representatives and the Senate Interior Appropriations Committee. The trend line is definitely sloping up, with the following amounts approved for those programs particularly salient to tourism and recreation, including the amounts proposed by the President and the final amounts for the 2009 fiscal year (NOTE: The Senate Appropriations Committee has not released all detailed program amounts.)

Park Service Operations

Senate Approps Committee	\$2.262 B
House	2.261 B
Administration	2.266 B
FY 2009 Final	2.132 B

NPS Centennial Challenge

Senate Approps Committee	\$ -0-
House	25 M
Administration	25 M
FY 2009 Final	-0-

National Forest System

Senate Approps Committee	\$1.560 B
House	1.565 B
Administration	1.507 B
FY 2009 Final	1.510 B

Forest Trails

Senate Approps Committee	Not Available
House	\$85.3 M
Administration	82.1 M
FY 2009 Final	81.2 M

FS Recreation Management

Senate Approps Committee	\$290.0 M
House	293.0 M
Administration	280.0 M
FY 2009	277.6 M

BLM Recreation Management

Senate Approps Committee	\$488.6 M
House	503.0 M
Administration	483.0 M
FY 2009 Final	468.0 M

Fire Fighting

Senate Approps Committee	Not Available
House	\$3.310 B
Administration	3.144 B
FY 2009 Final	357 M (Contingency Supplemental Appropriation)

(NOTE: This is the first time in many years that both Houses have appropriated amounts realistically intended to cover fire fighting costs.

Recreation Fee Program Repeal

Senator Max Baucus (D-MT) has reintroduced legislation in the 111th Congress to repeal the recreation fee program for all Federal land agencies except the National Park Service. S. 868, the Fee Repeal and Expanded Access Act of 2009, was introduced by Senator Baucus, with Senators Mike Crapo (R-ID) and Jon Tester (D-MT) as cosponsors. S. 868 has been referred to the Energy and Natural Resources Committee and no hearings or further action has been scheduled.

In the 110th Congress, Senator Baucus, with Senators Salazar, Tester and Crapo, introduced S. 2438, the Fee Repeal and Expanded Access Act (FREAA), which would have virtually eliminated recreation fees for all Federal land agencies except for National Park Service entrance fees as authorized by the Federal Lands Recreation Enhancement Act of 2004 (FLREA). Although the House National Parks, Forests and Public Lands Subcommittee held a June 18, 2008, hearing on FLREA implementation, neither the House nor the Senate held any hearings on S. 2438. No companion bill was introduced in the House in the 110th Congress.

New National Park Service Tourism Plan

Increased funding for the NPS Tourism Office has not been included in either House or Senate Interior Appropriations Bills.

ARVC and other tourism organizations were gratified in October, 2008, when the National Park Service adopted a new, progressive strategy to foster closer and more effective collaboration between the agency, the tourism industry and local gateway communities. It promises to be a major step towards reversing the two decades trend of declining visitation in the national parks. The challenge is now to secure sufficient budget and staff resources to implement the new tourism strategy. Highlights of the new plan include:

- (a) proactive engagement of the tourism industry and local gateway communities at all NPS organizational levels in building sustainable cooperative marketing partnerships to define the message, extend the reach of the park awareness and leverage the park's interpretation, education, conservation and responsible use messages;
- (b) better understanding of consumer awareness, expectations and motivations for travel to parks through research and analysis;
- (c) use of marketing tools to address visitor distribution strategically;
- (d) cultivation of visitor centricity in training of a new generation of park leaders;
- (e) use of the tourism strategic plan as a blueprint for the implementation of agency objectives, such as bringing children and families into the parks;
- (f) increasing awareness of and visitation to lesser known parks.

Facilitation of International Travel: Inspecting and Processing

“Progress” has been slow by DHS to implement provisions in the department’s 2009 appropriations where Congress directed specific measures intended to facilitate international travel to the U.S. as authorized in the 2009 Homeland Security Appropriations Act enacted in September, 2008.

These enacted provisions include:

- (1) \$10 million for DHS registered traveler programs to provide expedited clearance for pre-cleared visitors;
- (2) \$8.75 million for 173 new Customs and Border Protection officers for airports and \$28.3 million for 561 new CBP officers at land borders;
- (3) \$500,000 for additional staff to manage expansion of the Visa Waiver Program.

The DHS continues to plan on requiring full passport identification on June 1, 2009, for all travel to and from Canada and Mexico.

Future of Visa Waiver after June 30, 2009

Due to the failure of the Department of Homeland Security to meet a Congressional requirement to deploy a biometric exit tracking system at all U.S. international airports for all travelers, no further expansion of the visa waiver program will be allowed. Although DHS pilot biometric projects have been conducted at several airports, no permanent national system has been implemented.

To implement the requirement mandated by the 9/11 Commission Act to identify outbound international travelers, the DHS proposed that airlines scan and collect fingerprints from all those passengers. The airlines and other travel industry organizations have consistently opposed this and suggested that the government should take the responsibility for fingerprint scan collection. The DHS says that if these fingerprint procedures are not in place by June 30, 2009, “the department may not be able to extend VWP privileges to new countries.” Several tests are underway to assess the relative merits of collecting fingerprint data at check-in or at the gates.

New Approach to Funding Emergency Forest Firefighting

The outlook for the 2009 FLAME Act is uncertain following the Senate and House moving to provide increase fire fighting funding in the 2010 appropriations bills. If this

outcome can be attributed to the FLAME Act, that legislation may have been successful although it was never enacted.

H.R. 1404, the successor to last year's FLAME Act, passed the House of Representatives on March 26 as co-sponsored by Representatives Nick Rahall, Chairman of the House Natural Resources Committee, and Representatives Mike Simpson, R-ID, and Greg Walden, R-OR, and a Senate version, S. 561, introduced by Senators Jeff Bingaman, D-NM, Chairman of the Senate Energy and Natural Resources Committee and Lisa Murkowski, R-AK, Ranking Republican on the ENR Committee, is before the Senate. Both bills have significant support, including five former chiefs of the Forest Service and a coalition of industry and environmental groups as well as the Western Governors Association. The legislation would establish a separate account to absorb funding for the vast majority of emergency wildfire costs, leaving only a small amount of funding within the Forest Service's operational budget to cover non-emergency wildfire suppression costs. In a significant change from the 2008 FLAME Act, however, neither bill specifies the amount of money to be included in the new supplemental fund, which would be subject to annual appropriations.

For more than a decade, the cost of fighting wildfires on Federal lands has been a growing burden on the operating budget of the Forest Service. In 1995, fire fighting costs were about 15 percent of the operating budget, while in 2008 those costs are projected to be nearly 45 percent. This budgetary pressure has now attracted the attention of Congress and several western senators from both parties.

First National Study Group Completes Work

The Outdoor Resources Group completed its 18 month study and released its report on July 6. The Report contains 8 recommendations, including providing permanent funding of \$3.2 billion for the Land Water Conservation Fund, greater public and private promotion of recreation and nature education for America's youth, elevation by Federal agencies of greater priority for regional or landscape conservation, a new nationwide network of water trails and Blueways along rivers and coastal waterways and creation of a new agency in the Department of the Interior to oversee outdoor recreation comparable to the National Park Service and the Fish and Wildlife Service.

The National Parks Second Century Commission is expected to complete its work and submit its recommendations in September.

History: Two national private sector study groups formed in the summer of 2008 may have an impact on tourism and recreation issues pertaining to the Federal Lands. The first group is the Outdoor Resources Review Group (ORRG), which started in July and is comprised of 18 well known figures from major national organizations – a group one

observer has characterized as the “recreation establishment.” Co-chaired by Henry Diamond, partner in the legal firm of Beveridge & Diamond and formerly chief of staff on the Rockefeller Outdoor Study Commission, and Patrick Noonan, Chairman Emeritus of the Conservation Fund, the ORRG self-declared mission is to develop recommendations for the future of outdoor recreation in America. ORRG was launched as strictly a private sector endeavor after earlier attempts to get Congressional or Presidential authorization were unsuccessful, although Senators Jeff Bingaman (D-NM) and Lamar Alexander (R-TN) are honorary co-chairs. The ORRG may also wind up recommending that a more official Federal Study Commission be established to take a more comprehensive look at outdoor recreation challenges.

The second study group is the thirty member National Parks Second Century Commission launched in August and co-chaired by former Senate Majority Leader Howard Baker (R-TN) and former Chairman of the Senate Energy Committee J. Bennett Johnston (D-LA). With full support pledged by the National Park Service, and financed by one million dollars in funding from the National Parks Conservation Association, the NPSCC mission is to recommend policies for the second century of the NPS beginning in 2016.

The two groups were apparently formed independently and have no direct connections.

Stimulus Benefits for Travel and Tourism

Although there are a few encouraging economic signs, the outlook is not reassuring and doubt grows that the recovery will gain traction this year, the prospects for a second stimulus bill increase. Although the Obama Administration is openly discouraging such speculation, growing unemployment with an election year looming may be compelling. With this in mind, should travel and tourism prepare its own economic agenda and urge that it be included in the next stimulus bill? This might include not only the Travel Promotion Act but also support for domestic tourism development and expansion.

Following is a synopsis of the most salient features for tourism and recreation of the recently enacted H.R. 1, the American Recovery and Reinvestment Act (ARRA). This historic legislation makes supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for fiscal year ending September 30, 2009, and for other purposes:

Investments in tourism marketing were not deemed to be sufficiently stimulative and neither the Travel Promotion Act championed by U.S. Travel and supported by the WSTPC and the rest of the tourism industry nor grants to State and local tourism offices for tourism development projects as supported by many in the industry ever developed much traction with Congress.

Many of the small businesses that dominate the tourism industry will benefit from tax law changes providing new tax credits, deductions and loss carry provisions. But perhaps the only segment of tourism and recreation to receive a direct consumer-related benefit in H.R. 1 was the RV industry. State sales taxes on purchases of new “motor homes,” as well as automobiles and light trucks, can now be deducted from Federal income taxes up to a \$49,500 purchase price.

Otherwise, the major stimulus benefits for tourism and recreation will be significant new infrastructure investments, especially in transportation projects and on the Federal lands, as urged by the WSTPC and others:

New Leaders for USDA Forest Service and National Park Service

New leaders have been named for both the USDA Forest Service and the National Park Service. Secretary of Agriculture Tom Vilsack has named Tom Tidwell as the new Chief of the Forest Service. Tidwell is a 32-year veteran of the FS, who has most recently supervised national forests in northern Idaho, Montana and the Dakotas. President Obama has nominated Jonathan Jarvis to be the new director of the NPS. Jarvis is a 30-year agency employee, who currently is director of the Pacific West Region.

Healthcare Reform

No issue has received more attention from the Obama Administration and the 111th Congress than healthcare “reform.” As Congress prepared to begin its August recess, three House committees approved versions of healthcare reform and it was left up to the House Rules Committee to merge the different bills. Although certain to be more liberal than Senate healthcare reform legislation, recent pressure from House Republicans and conservative Democrats in the Blue Dog Coalition appeared to be moving in the direction of substantially reducing the cost and burden of healthcare reform for small business employers – a goal sought by ARVC and nearly every other small business organizations.

Liberal House Energy and Commerce Committee members reached an agreement announced July 29th with the “Blue Dog Democrats” (who typically represent more rural areas and more small businesses and are generally regarded as more conservative on budget, tax and regulatory issues).

At the same time, the Congressional Budget Office scored the draft of the bipartisan healthcare overhaul measure the Senate Finance Committee is working on at just under \$900 billion, according to Senate Finance Chairman **Max Baucus** (D-MT).

"The current draft of the bill scores below \$900 billion over 10 years, covers 95 percent of all Americans by 2015 and is fully offset (NOTE: This means it is not projected to have a negative impact on the Federal budget.)," Baucus said. "In fact, according to the preliminary CBO report, the bill would actually reduce the federal deficit [in] the 10th year by several billion dollars."

The goal of the Finance Committee negotiators was to come in under \$1 trillion and reduce the growth of healthcare spending. Baucus did not specify how much the deficit would shrink.

A Senate markup will not occur before September. "In fact, significant policy issues remain to be discussed among the members, and any one of these issues could preclude bipartisan agreement," said a statement from committee staff.