Calendar No. 568

116TH CONGRESS
2d Session

SENATE

REPORT
116–275

BRAND USA EXTENSION ACT

REPORT

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 2203

OCTOBER 1, 2020.—Ordered to be printed

U.S. GOVERNMENT PUBLISHING OFFICE
19–010 WASHINGTON : 2020

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

ROGER F. WICKER, Mississippi, *Chairman*

JOHN THUNE, South Dakota
ROY BLUNT, Missouri
TED CRUZ, Texas
DEB FISCHER, Nebraska
JERRY MORAN, Kansas
DAN SULLIVAN, Alaska
CORY GARDNER, Colorado
MARSHA BLACKBURN, Tennessee
SHELLEY MOORE CAPITO, West Virginia
MIKE LEE, Utah
RON JOHNSON, Wisconsin
TODD C. YOUNG, Indiana
RICK SCOTT, Florida

MARIA CANTWELL, Washington
AMY KLOBUCHAR, Minnesota
RICHARD BLUMENTHAL, Connecticut
BRIAN SCHATZ, Hawaii
EDWARD J. MARKEY, Massachusetts
TOM UDALL, New Mexico
GARY C. PETERS, Michigan
TAMMY BALDWIN, Wisconsin
TAMMY DUCKWORTH, Illinois
JON TESTER, Montana
KYRSTEN SINEMA, Arizona
JACKY ROSEN, Nevada

JOHN KEAST, *Staff Director*
DAVID STRICKLAND, *Minority Staff Director*

Calendar No. 568

116TH CONGRESS 2d Session | SENATE | REPORT 116–275

BRAND USA EXTENSION ACT

OCTOBER 1, 2020.—Ordered to be printed

Mr. WICKER, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 2203]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2203) to extend the transfer of Electronic Travel Authorization System fees from the Travel Promotion Fund to the Corporation for Travel Promotion (Brand USA) through fiscal year 2027, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

S. 2203 would extend the authorization to transfer Electronic Travel Authorization System fees from the Travel Promotion Fund to Brand USA through fiscal year 2027. These funds would enable Brand USA to promote the United States as a travel destination around the world to foster increased tourism and economic growth in the United States.

BACKGROUND AND NEEDS

Brand USA is a public-private partnership formed under the bipartisan Travel Promotion Act of 2009, and charged with promoting the United States as a destination to global travelers.[1] The program's marketing efforts—which operate at no cost to U.S. taxpayers—continue to bring in billions of dollars in visitor spending,

[1] Brand USA, "Who We Are" (*https://www.thebrandusa.com/about/whoweare*) (accessed Jul. 27, 2020).

strengthening the Nation's trade balance and supporting tens of thousands of jobs.[2]

Brand USA's operations are supported by a combination of non-Federal contributions from destinations, travel brands, and private sector organizations.[3] Its operations are also supported by matching funds collected by the U.S. Government through a fee on international visitors to the United States traveling under the Visa Waiver Program (VWP), known as the Electronic System for Travel Authorization (ESTA) fee.[4] According to a return-on-investment study released earlier this year, Brand USA's marketing efforts over the past 6 years are estimated to have generated 6.6 million incremental international visitors to the United States, resulting in $22 billion of additional visitor spending, and $47.7 billion in total economic impact.[5] Brand USA's Federal funding was set to expire following a 2018 congressional budget caps agreement that diverted the proceeds from user fees away from the program to general revenue.[6] However, absent a continued funding source, Brand USA may lose its ability to effectively compete for revenue generated by international tourism.[7]

Legislative History

S. 2203 was introduced on July 23, 2019, by Senator Blunt (for himself and Senators Klobuchar, Gardner, and Cortez Masto) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. There are 43 additional cosponsors. On July 24, 2019, the Committee met in open Executive Session and, by voice vote, ordered S. 2203 reported favorably with amendments.

A companion bill, H.R. 3851, the Brand USA Extension Act, was introduced on July 18, 2019, by Representative Welch in the House of Representatives. The Brand USA Extension Act was included as a provision in the Further Consolidated Appropriations Act, 2020, which was signed into law on December 20, 2019.[8]

Estimated Costs

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

---

[2] Oxford Economics, *The Return on Investment of Brand USA Marketing, Fiscal Year 2018*, U.S. Travel Association, Apr. 2019 (*https://www.thebrandusa.com/sites/default/files/Brand%20USA%20ROI%20-%20FY2018%20(key%20findings)[1].pdf*) (accessed Jul. 27, 2020).

[3] Brand USA, "Who We Are" (*https://www.thebrandusa.com/about/whoweare*) (accessed Jul. 27, 2020).

[4] Travel Promotion Act of 2009; 22 U.S.C. 2131.

[5] Oxford Economics, *The Return on Investment of Brand USA Marketing, Fiscal Year 2018*, U.S. Travel Association, Apr. 2019, pg. 33 (*https://www.thebrandusa.com/sites/default/files/Brand%20USA%20ROI%20-%20FY2018%20(key%20findings)[1].pdf*) (accessed Jul. 27, 2020).

[6] Id.

[7] "U.S. Travel Industry Urges Washington to Reauthorize Tourism Body Brand USA," *Reuters*, Sep. 19, 2019 (*https://www.reuters.com/article/us-usa-tourism-brand-usa/u-s-travel-industry-urges-washington-to-reauthorize-tourism-body-brand-usa-idUSKBN1W40E9*) (accessed Jul. 27, 2020).

[8] See Public Law 116–94, division I, title VIII.

S. 2203, Brand USA Extension Act As ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 24, 2019			
Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	370	665
Revenues	0	580	970
Deficit Effect	0	-210	-305
Spending Subject to Appropriation (Outlays)	0	0	not estimated

Pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

Bill summary: S. 2203 would extend the authority of the Corporation for Travel Promotion (commonly known as Brand USA) to receive fees from the VISA Waiver Program (VWP) through 2027; under current law, that authority expires after 2020. The bill also would require Brand USA to implement a digital outreach strategy and to report on countries with emerging markets for U.S. tourism. Finally, among other provisions, S. 2203 would increase the VWF base fee from $10 to $17.

Estimated Federal cost: The estimated budgetary effect of S. 2250 is shown in Table 1. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Basis of estimate: CBO estimates that enacting S. 2203 would increase direct spending by $665 million, increase revenues by $970 million, and decrease the federal deficit by $305 million over the 2019–2029 period.

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF S. 2203

	By fiscal year, millions of dollars—												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019–2024	2019–2029
	Increases in Direct Spending												
Estimated Budget Authority	0	0	95	95	95	95	95	95	95	0	0	380	665
Estimated Outlays	0	0	85	95	95	95	95	95	95	10	0	370	665
	Increases in Revenues												
Estimated Revenues	0	110	110	120	120	120	130	130	130	0	0	580	970
	Net Increase or Decrease (−) In the Deficit From Changes in Direct Spending and Revenues												
Effect on the Deficit	0	−110	−25	−25	−25	−25	−35	−35	−35	10	0	−210	−305

Under current law, U.S. Customs and Border Protection (CBP) collects VWP fees from certain foreign travelers to the United States. Each year, up to $100 million in such fees must be transferred into the Travel Promotion Fund under current law. That transfer amount is made available to Brand USA for expenditure if the corporation generates non-federal matching amounts. Fee amounts received may be spent without further appropriation. In 2018, Brand USA received and spent $93 million in VWF fees. CBO estimates that under S. 2203, Brand USA would receive and spend about $95 million annually over the 2021–2027 period on travel promotion activities, or $665 million over ten years.

Certain foreign travelers to the United States are charged a VWP base fee of $10; U.S. Customs and Border Protection (CBP) may collect that fee through 2027 under current law. In 2018, CBP collected $61 million in VWP fees. CBO expects that increasing the base fee to $17 under S. 2203 would increase revenues by $970 million over ten years.

The CBO staff contacts for this estimate are David Hughes (federal costs) and Nate Frentz (revenues). The estimate was reviewed by Theresa A. Gullo, Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

The number of persons and businesses covered by S. 2203 should be consistent with current levels already participating in or eligible for the Brand USA program and any foreign travelers already required to pay ESTA fees.

ECONOMIC IMPACT

S. 2203, as reported, is not expected to have an adverse impact on the Nation's economy. Rather, the legislation is expected to promote growth in international tourism to cities and regions within the United States and to decrease the Federal deficit by $305 million over 10 years.

PRIVACY

S. 2203, as reported, is not expected to have an adverse impact on the personal privacy of individuals.

PAPERWORK

S. 2203, as reported, would not increase paperwork requirements for private individuals or businesses.

Congressionally Directed Spending

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

Section-by-Section Analysis

Section 1. Short title.

This section would provide that the bill may be cited as the "Brand USA Extension Act".

Section 2. The Corporation for Travel Promotion.

This section would clarify the requirements for certain industry sectors to be represented on the board of the Corporation for Travel

Promotion (the Corporation). This section would also clarify the duties of the Corporation to include: outreach to speaking conventions and sales missions in addition to trade shows, and to promote tourism to the United States through digital media, online platforms, and other appropriate media. This section would also require that board members be given at least 5 days advance notice of a meeting at which a vote on approval of a major campaign is to be taken.

Section 3. Accountability Measures.

This section would lower the threshold triggering an explanation of the expenditure in the Corporation's budget submission to the Secretary of Commerce from $500,000 to $450,000. This section would also require, in the Corporation's annual report to Congress, a list of countries the Corporation has identified as emerging markets for tourism to the United States and a description of the efforts the Corporation has made to promote tourism to rural areas of the United States.

Section 4. Extension of funding for Brand USA.

This section would extend funding for the Brand USA program through fiscal year 2027, and clarify that the fair market value of goods and services contributed to the Corporation may not amount to more than 50 percent of the matching requirement.

Section 5. Performance plan.

This section would require the Corporation to make the performance metrics established under the Travel Promotion Act of 2009 publicly available on the Corporation's website not later than 90 days after the date of enactment.

Section 6. Electronic System for Travel Authorization fee increase.

This section would increase the Electronic System for Travel Authorization fee from $10 to $17.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes made by the bill, as reported, to existing law at the time the bill was ordered reported, are shown as follows: (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

TRAVEL PROMOTION ACT OF 2009

* * * * * * *

[22 U.S.C. 2131(b)–(d)]

SEC. 9. TRAVEL PROMOTION ACT OF 2009.

(a) * * *

(b) THE CORPORATION FOR TRAVEL PROMOTION.—

(1) * * *

(2) BOARD OF DIRECTORS.—

(A) IN GENERAL.—The Corporation shall have a board of directors of 11 members with knowledge of international travel promotion or marketing, broadly representing various regions of the United States, who are United States citizens. At least 5 members of the board shall have experience working in United States multinational entities with marketing budgets. At least 2 members of the board shall be audit committee financial experts (as defined by the Securities and Exchange Commission in accordance with section 407 of Public Law 107–204 (15 U.S.C. 7265)). All members of the board shall be a current or former chief executive officer, chief financial officer, or chief marketing officer, or have held an equivalent management position. Members of the board shall be appointed by the Secretary of Commerce (after consultation with the Secretary of Homeland Security and the Secretary of State), as follows:

(i) 1 shall have appropriate expertise and experience in the hotel accommodations sector;

(ii) 1 shall have appropriate expertise and experience in the restaurant *or foodservice* sector;

(iii) 1 shall have appropriate expertise and experience in the small business or retail sector or in associations representing that sector;

(iv) 1 shall have appropriate expertise and experience in the travel distribution services sector;

(v) 1 shall have appropriate expertise and experience in the attractions or recreations sector*, such as outdoor recreation or theme parks*;

(vi) 1 shall have appropriate expertise and experience as officials of a city convention and visitors' bureau;

(vii) 2 shall have appropriate expertise and experience as officials of a State tourism office;

(viii) 1 shall have appropriate expertise and experience in the *commercial or private* passenger air sector;

(ix) 1 shall have appropriate expertise and experience in immigration law and policy, including visa requirements and United States entry procedures; and

(x) 1 shall have appropriate expertise in the land or sea passenger transportation sector.

(B) * * *

* * * * * * *

(H) * * *

(3) * * *

(4) * * *

(5) DUTIES AND POWERS.—

(A) IN GENERAL.—The Corporation shall develop and execute a plan—

(i) to provide useful information to foreign tourists, business people, students, scholars, scientists, and others interested in traveling to the United States, including the distribution of material provided by the Federal government concerning entry requirements, required documentation, fees, processes, and information concerning declared public health emergencies, to prospective travelers, travel agents, tour operators, meeting planners, foreign governments, travel media and other international stakeholders;

(ii) to identify, counter, and correct misperceptions regarding United States entry policies around the world;

(iii) to maximize the economic and diplomatic benefits of travel to the United States by promoting the United States of America to world travelers through the use of, but not limited to, all forms of advertising, outreach to trade shows, *speaking conventions, sales missions,* and other appropriate promotional activities;

(iv) to ensure that international travel benefits all States and territories of the United States and the District of Columbia, and to identify opportunities and strategies to promote tourism to rural and urban areas equally, including areas not traditionally visited by international travelers; **[**and**]**

(v) to give priority to the Corporation's efforts with respect to countries and populations most likely to travel to the United States**[**.**]***; and*

(vi) to promote tourism to the United States through digital media, online platforms, and other appropriate medium.

(B) SPECIFIC POWERS.—In order to carry out the purposes of this subsection, the Corporation may—

(i) obtain grants from and make contracts with individuals and private companies, State, and Federal agencies, organizations, and institutions;

(ii) hire or accept the voluntary services of consultants, experts, advisory boards, and panels to aid the Corporation in carrying out its purposes; and

(iii) take such other actions as may be necessary to accomplish the purposes set forth in this subsection.

(C) PUBLIC OUTREACH AND INFORMATION.—The Corporation shall develop and maintain a publicly accessible website.

(6) * * *

(7) MAJOR CAMPAIGNS.—The board may not authorize the Corporation to obligate or expend more than $25,000,000 on any advertising campaign, promotion, or related effort unless—

(A) the obligation or expenditure is approved by an affirmative vote of at least ⅔ of the members of the board present at the meeting;

(B) at least 6 members of the board are present at the meeting at which it is approved; and

(C) each member of the board has been given at least **[**3 days**]** *5 days* advance notice of the meeting at which the vote is to be taken and the matters to be voted upon at that meeting.

(8) * * *

(c) ACCOUNTABILITY MEASURES.—

(1) * * *

(2) BUDGET.—The board shall transmit a copy of the Corporation's budget for the forthcoming fiscal year to the Secretary not less than 60 days before the beginning of each fiscal

year, together with an explanation of any expenditure provided for by the budget in excess of ⟦$500,000⟧ *$450,000* for the fiscal year. The Corporation shall make a copy of the budget and the explanation available to the public and shall provide public access to the budget and explanation on the Corporation's website.

(3) ANNUAL REPORT TO CONGRESS.—The Corporation shall submit an annual report for the preceding fiscal year to the Secretary of Commerce for transmittal to the Congress on or before the 15th day of May of each year. The report shall include—

(A) * * *

* * * * * * *

(H)(i) a description of, and rationales for, the Corporation's combination of media channels employed in meeting the promotional objectives of its marketing campaign;

(ii) the ratio in which such channels are used; and

(iii) a justification for the use and ratio of such channels; ⟦and⟧

(I) a list of countries the Corporation identifies as emerging markets for tourism to the United States;

(J) a description of the efforts the Corporation has made to promote tourism to rural areas of the United States; and

⟦(I)⟧ *(K)* such recommendations as the Corporation deems appropriate.

(4) * * *

(d) MATCHING PUBLIC AND PRIVATE FUNDING.—

(1) * * *

(2) FUNDING.—

(A) * * *

(B) SUBSEQUENT YEARS.—For each of fiscal years 2012 through ⟦2020⟧ *2027*, from amounts deposited in the general fund of the Treasury during the preceding fiscal year from fees under section 217(h)(3)(B)(i)(I) of the Immigration and Nationality Act (8 U.S.C. 1187(h)(B)(i)(I)), the Secretary of the Treasury shall transfer not more than $100,000,000 to the Fund, which shall be made available to the Corporation, subject to paragraph (3) of this subsection, to carry out its functions under this section. Transfers shall be made at least quarterly on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess or less than the amounts required to be transferred.

(3) MATCHING REQUIREMENT.—

(A) * * *

(B) GOODS AND SERVICES.—For the purpose of determining the amount received from non-Federal sources by the Corporation, other than money—

(i) the fair market value of goods and services (including advertising) contributed to the Corporation for use under this section may be included in the determination; but

(ii) the fair market value of such goods and services may not account for more than ⟦70 percent⟧ *50 per-*

cent of the matching requirement under subparagraph (A) for the Corporation in any fiscal year.

(C) * * *

* * * * * * *

(G) * * *

(4) CARRYFORWARD.—

(A) * * *

(B) MATCHING FUNDS.—Any amount received by the Corporation from non-Federal sources in each of the fiscal years 2011 through [2020] *2027* that cannot be used to meet the matching requirement under paragraph (3)(A) for the fiscal year in which amount was collected may be carried forward and treated as having been received in the succeeding fiscal year for purposes of meeting the matching requirement of paragraph (3)(A) in such succeeding fiscal year.

* * * * * * *

○