Calendar No. 868

98TH CONGRESS
2d Session

SENATE

REPORT
98-444

U.S. TRAVEL AND TOURISM ADMINISTRATION AUTHORIZATION

MAY 14, 1982.—Ordered to be printed

Mr. PACKWOOD, from the Committee of Commerce, Science, and Transportation, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2520]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2520) to provide authorization of appropriations for the United States Travel and Tourism Administration, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill do pass.

PURPOSE OF THE BILL

The bill, as reported, amends section 304 of the International Travel Act of 1961 to provide authorization for the United States Travel and Tourism Administration (USTTA). The bill authorizes $14 million for the USTTA for fiscal year 1985, and creates new USTTA offices and programs.

BACKGROUND AND NEEDS

The USTTA is currently operating without an authorization. In 1983, the Senate passed a bill (S. 212) reauthorizing the USTTA for $13 million, $14 million, and $15 million for fiscal years 1984, 1985, and 1986, respectively. The House did not pass an authorization bill for the USTTA. The Committee feels that it is important to author-

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ize the agency and S. 2520 is consistent with the authorization already passed by the Senate.

The Committee feels that the USTTA can be strengthened by expansion of its operations within the United States and abroad. Several forms of expansion have been proposed, including:

1. Creation of USTTA Regional Liaison Centers within the United States;
2. Creation of new overseas offices; and
3. Promotion of travel to the United States through our embassies abroad.

The Committee received testimony on these proposals during its April 6 reauthorization hearing. The testimony suggested that expansion of USTTA operations should be gradual since the agency's resources are limited.

The bill, as reported creates one pilot Regional Liaison Center within the United States (in Rapid City, S. Dak. to test the feasibility of establishing such centers throughout the country. Regional liaison Centers would provide technical assistance to state tourism offices and serve as liaisons between the State office and the USTTA office in Washington, D.C.

The bill also creates new USTTA field offices in Australia, Italy, and the Netherlands. The USTTA currently has field offices in Canada, Mexico, Japan, England, France, and Germany. The Committee believes that creation of new field offices in these large travel markets will enable the USTTA to engender significantly more international travel to and within the United States. Further, the Committee feels that a fiscal year 1985 appropriation of $14 million would permit the creation of three new offices without jeopardizing existing USTTA programs and offices.

Finally, the bill provides for USTTA training of U.S. embassy employees in 30 major foreign tourism markets so the embassies will be capable of promoting travel to and within the United States.

The Committee feels that these programs can be initiated without any reduction of existing programs if $14 million is appropriated for the USTTA for fiscal year 1985.

Legislative History

S. 2520 was introduced by Senator Pressler on April 2, 1984.

A hearing on the bill was held by the Business, Trade, and Tourism Subcommittee on April 6, 1984. Suggestions on appropriate authroization levels and appropriate USTTA expansion were received by the subcommittee at the hearing.

The full committee ordered S. 2520 reported, with an amendment in the nature of a substitute by Senator Inouye, on April 10, 1984, by unanimous vote.

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:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 19, 1984.

Hon. BOB PACKWOOD,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 2520, the International Travel Act of 1961 Authorization Act of 1984.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE—APRIL 19, 1984

1. Bill number: S. 2520.

2. Bill title: International Travel Act of 1961 Authorization Act of 1984.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation, April 10, 1984.

4. Bill purpose: S. 2520 would authorize the appropriation of $14 million in 1985 to carry out the programs of the United States Travel and Tourism Administration (USTTA). The bill would also establish a Regional Liaison Center pilot program, and would make a number of other administrative changes at USTTA.

Fiscal year 1984 appropriations to date for USTTA are $12 million. The President is requesting $8.6 million for USTTA in 1985.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1985	1986	1987	1988	1989
Authorization level	14.0				
Estimated outlays	10.1	2.7	1.2		

The costs of this bill fall within budget function 370.

BASIS OF ESTIMATE

The authorization level in 1985 is the amount specified in the bill. Outlays reflect historical spending patterns, assuming appropriation of the authorized amount.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by Mary Maginniss.

10. Estimate approved by James L. Blum, 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:

The bill reauthorizes existing programs of the USTTA for fiscal year 1985. The programs will not be changed by the bill.

The bill will create new USTTA programs, including:

1. A Regional Liaison Center within the United States;
2. Three new overseas offices; and
3. Training of embassy employees to promote travel to the United States within foreign nations.

Since the USTTA is not a regulatory agency, these programs would have no impact on the number of individuals or businesses subject to Federal regulation, personal privacy, or Federal paperwork.

The data to be gathered pursuant to section 5 of the bill is statistical information already gathered by the Department of Commerce within existing programs. Therefore, there will be no additional paperwork burden.

Section-by-Section Analysis

Section 1 of the bill is the short title.

Section 2 authorizes $14 million for the USTTA for fiscal year 1985. The Committee wishes to emphasize that reductions in operations at the USTTA's overseas offices are prohibited by the National Tourism Policy Act. The Committee intends that the programs created by the bill be initiated without reductions to existing programs, and the Committee feels that a funding level of $14 million is sufficent to carry out this intent.

Section 3 creates a USTTA Regional Liaison Center in Rapid City, S. Dak. The purpose of the Center is to provide technical assistance to the State tourism offices of Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Minnesota, and to serve as a liaison between the State offices and the Washington, D.C. USTTA office. The Committee intends to create only one Regional Liaison Center at this point in order to determine the feasibility of establishing similar offices throughout the United States.

Section 4 establishes USTTA field offices in Italy, the Netherlands, and Australia. The Committee feels that the large numbers of visitors to the United States from these nations warrant the presence of USTTA offices in these nations, and the Committee intends for these offices to be comparable in size to the six existing USTTA overseas offices.

In selecting locations for the new offices, the Committee sought to determine the largest potential tourism markets. USTTA statistics show that, among nations where there are no USTTA field offices, Australia, Italy, and the Netherlands rank among the highest in terms of arrivals to the United States. In 1982, arrivals to the United States from these nations were:

Australia—253,814.

Italy—232,446.

Netherlands—189,846.

The Committee has also reviewed the draft report of the private sector International Marketing Plan Development Committee, which is preparing a comprehensive international marketing plan for the USTTA. The development committee is expected to recommend in its final report that the USTTA open offices in Australia, Italy, and the Netherlands during the first year of the 5-year marketing plan.

The Committee feels that creation of USTTA offices in these three nations will enable the USTTA to more effectively attract foreign visitors to the United States.

Section 5 provides for USTTA training of State Department employees at U.S. embassies in 30 selected foreign nations so that the employees will be able to promote travel to the United States from within those nations. The 30 nations are to be determined by the Secretary of Commerce based upon a comparison of the tourism revenues generated in the United States by nationals of all foreign countries. Embassies in the top 30 nations on this list will be selected for the training program.

Changes in Existing Law

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

The International Travel Act of 1961

SECTION 304 OF THAT ACT

Sec. 304. For the purpose of carrying out this Act there is authorized to be appropriated an amount not to exceed $8,600,000 for the fiscal year ending September 30, 1982 , *and not to exceed $14,000,000 for the fiscal year ending September 30, 1985.* Funds appropriated under this section shall be available without regard to the provisions of section 501 and 3702 of title 44 of the United States Code. Funds appropriated under this section for printing of travel promotion materials are authorized to be made available for two fiscal years.

ADDITIONAL VIEWS OF MESSRS. HOLLINGS, INOUYE, FORD, RIEGLE, EXON, HEFLIN

We support S. 2520, as amended by the Committee. In order to understand why the Committee took the action it did, however, we believe a more detailed discussion and explanation is in order. Accordingly, these additional views.

As introduced, S. 2520 would have:

Authorized $14 million in fiscal year 1985 for the United States Travel and Tourism Administration (USTTA). (Section 2.)

Established a field office of the United States Commercial Service in Rapid City, S. Dak. (Section 3.)

Established six Regional Liaison Centers for the USTTA to provide technical assistance to State tourism offices so that they may promote international tourism more effectively. (Section 4.)

These centers which would be staffed by USTTA personnel would be located at the following field offices of the United States Commercial Service: Rapid City, S. Dak.; Portland, Oreg.; Albuquerque, N. Mex.; St. Louis, Mo.; Columbia, S.C.; and Hartford, Conn.

Require the Secretaries of State and Commerce to establish procedures to ensure that at least one employee in each U.S. embassy was provided with all necessary training and materials to promote effectively travel to the United States. (Section 5.)

Most troublesome to us were the provisions in sections 3 and 4 of the bill. Specifically, we had very serious reservations about the need to establish a field office of the United States Commercial Service in Rapid City, S. Dak.; and the need to establish six USTTA Regional Liaison Centers throughout the United States to provide technical assistance to State tourism offices so that they may promote international travel and tourism more effectively; and serve as liaison between the State offices and USTTA. Our misgivings were also shared by several members of the Committee's Travel and Tourism Industry Advisory Committee and by at least one witness at the hearing on S. 2520. Significantly, we believe, none of the witnesses at that hearing supported these provisions.

The concept of providing technical assistance to the States and coordinating their efforts with those of the USTTA has a good deal of merit, in our judgment. As a practical matter, however, there are relatively few States at this time whose budgetary commitments to the promotion of international tourism warrant the creation of six regional USTTA offices to assist their efforts. The meager State funds appropriated to State tourism offices must be spent to promote where the cost/benefit ratio is greatest, and that means in neighboring States and adjacent regions.

Since there is very little effort by the States to attract international visitors, we failed to see how S. 2520 as introduced, could have achieved the purpose of the author, that is, to help promote middle America. In fact, only 29 States budget any money for international promotion. And those 29 budgets only totaled $3.5 million for fiscal year 1982–83. (See appendix A.) For example, under S. 2520 as introduced, the USTTA's Midwest regional office would give technical assistance to 10 States on how to promote international tourism. According to the U.S. Travel Data Center, in fiscal year 1982–83, eight of those States budgeted zero for international promotion; one State budgeted $3,000; and the tenth spent $1,000.

It seemed to us that what Federal technical assistance is now required by the very modest international promotional efforts of some of our States could be adequately met by the USTTA offices in Washington and abroad.

Until such time as a significant number of States make a substantial effort to promote international tourism, we failed to see how Federal assistance and coordination required the creation of six regional offices throughout the country. USTTA would have to hire several more people, and there would not be enough work to keep them busy.

The primary mission of USTTA is to sell the United States in international travel markets through its regional offices located in Canada, Mexico, England, Europe, and Japan. International promotion is highly competitive, and USTTA has been chronically underfunded vis-a-vis its competitors. In our view therefore, we should be very reluctant to divert any of the agency's meager resources from that primary task.

In addition to questioning the need for an additional United States Commercial Service office in Rapid City, S. Dak., and six USTTA Regional Liaison Centers, we also had reservations about the provision requiring that at least one employee in every U.S. embassy be trained to promote travel to the United States.

First, we felt the provision was too broad inasmuch as some U.S. embassies are located in countries which have little or no potential as markets for tourists to the United States. In those cases, we failed to see the need for training an embassy employee to promote the United States.

Second, we believed that it was necessary to add language which would make it clear that the promotion efforts of U.S. embassy employees should be supplementary to and consistent with those of USTTA. Otherwise we were concerned that these efforts might be expanded at the expense of USTTA.

Finally, we questioned whether, in view of his primary mission, a State Department Foreign Service Officer could effectively promote tourism to the United States. Our concern in this regard is illustrated by the testimony of a leading tour operator from London—Sidney Nelson—who appeared before this Committee in 1979. He said:

> It is the unanimous view of the United Kingdom travel trade that to hand over the role of the USTS to the embassy staff and house the travel office at the embassy would be disastrous.
>
> A potential visitor to the United States goes into the visa section by one door of the embassy where he is subjected to a security search. He is given a visa application form and on reading it he knows immediately he is suspected of being an illegal immigrant. He is asked:
>
> "Were you ever refused a visa? How long have you been in the country to which you now live? Is your father-mother-spouse now in the United States? Have you ever been convicted of an offense other than driving? Who is going to pay for your proposed visit?"
>
> Are you then going to ask him to step around the corner

to the other entrance where the same civil servant—I believe you call them Foggy Bottoms—will exude light and warmth with a real commercial desire to sell him the United States. That's what a tourist office is for, sir, about, a place where you sell, sell, and then sell.

I have yet to meet a Foggy Bottom type who can sell.

He doesn't have to. If he doesn't have the flair for selling, he isn't fired. He is moved upward or sideward.

Your tourist office must be staffed by salesmen whose livelihood depends on their salesmanship. The tourist office must be in the main shopping areas where people abound, not in the august surroundings of Grosvenor Square. Without USTS there wouldn't be a tourist market to the USA. Even Lichtenstein maintains a ground floor office open to the public, whereas the USTS is up two flights of stairs with a notice on its door "not open to the public." [1]

During consideration of S. 2520, the Committee agreed to an amendment which we believe goes a long way toward meeting our concerns, and also provides the potential for actually increasing the number of visitors to the United States.

Committee Amendment

Section 2 would authorize $14 million for USTTA for fiscal year 1985.

Section 3 would establish a pilot program to determine the feasibility of establishing Regional Liaison Centers for USTTA. The pilot program Regional Liaison Center would be located in Rapid City, S. Dak., and would serve the State tourism offices of Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Minnesota.

Section 4 directs the Secretary of Commerce to establish additional USTTA offices overseas in Italy, The Netherlands, and Australia; and to staff and fund them at a level that is 75 percent the levels that existed on April 1, 1984 at the USTTA regional office located in Frankfurt, Germany.

The Committee amendment designated Italy, The Netherlands, and Australia because we believe that of the top 12 tourism receipts generating markets for the United States, these 3 have very strong potential. (See appendix B.) Our judgment appears to be shared in the draft reports that have been widely circulated by the private sector International Marketing Plan Development Committee. According to the estimates in those drafts, Italian tourism to the United States has the potential to be expanded at an average rate of about 29,000 visitors per year averaging nearly $35 million in new receipts each year. Tourism from Australia and New Zealand has the potential to be expanded at an average rate of about 34,000 visitors per year averaging more than $33 million in new re-

[1] Hearing on "Authorize Appropriations for USTS" before the Subcommittee on Merchant Marine and Tourism of the Senate Commerce, Science, and Transportation Committee, 96th Cong., 1st Sess., 1979, pp. 38–39.

ceipts each year. Dutch tourism to the United States has the potential to be expanded at an average rate of about 28,000 visitors per year averaging nearly $23 million in new receipts each year.

Limiting the staffing and funding of each of these three new offices to 75 percent of the levels of the USTTA office in Frankfurt, Germany, or about $1.7 million total, is, in our view, entirely consistent with a $14 million budget, and also sufficient for these offices to market the United States effectively in those three countries.

Section 5 is considerably narrower than its counterpart in the original version of S. 2520. Specifically, it would require the Departments of Commerce and State to establish procedures to ensure that, in the 30 nations generating the greatest amount of tourism expenditures in the United States in 1983, the U.S. embassies would have at least one employee trained to promote tourism as a *supplement to the efforts of the USTTA*. (Emphasis added.)

By limiting this requirement to the 30 nations which have generated the greatest amount of tourism expenditures in the United States, the provision attempts to ensure that the limited budget resources available for travel promotion will be used more effectively. In the original bill this requirement would have applied to every U.S. embassy without regard to whether the country in which it was located had potential as a visit USA market.

By specifically stating that the program is supplemental to the efforts of USTTA, the provision makes clear that it is not intended to replace or in any way curtail the functions or mandate of USTTA.

Even as amended, however, our reservations about this section are not completely allayed (see quoted testimony of Sidney Nelson, *Infra*). Nevertheless, we are sufficiently persuaded by the Chairman of the Tourism Subcommittee, who is the author of the original section and its amended version, that it "will better utilize our presence in each nation to promote travel opportunities to and within the United States."

ERNEST F. HOLLINGS.
DANIEL K. INOUYE.
WENDELL H. FORD.
DONALD W. RIEGLE, JR.
J. JAMES EXON.
HOWELL HEFLIN.

Appendix A

Fiscal 82–83 International Promotion Budgets-States

Portland:	
Oregon	$3,000
Washington	350,000
California	0
Nevada	0
Idaho	0
Hawaii	400,000
Alaska	371,000
Albuquerque:	
New Mexico	30,000
Utah	25,000
Arizona	77,000
Colorado	0
Oklahoma	71,300
Texas	146,675
Rapid City:	
South Dakota	17,037
Montana	30,000
Wyoming	15,000
North Dakota	5,000
Nebraska	4,000
Minnesota	3,165
St. Louis:	
Missouri	0
Kansas	1,000
Iowa	0
Michigan	0
Indiana	0
Wisconsin	3,000
Illinois	0
Kentucky	0
Ohio	0
Arkansas	0
Columbia:	
South Carolina	279,800
Louisiana	62,000
Alabama	6,875
Florida	1,046,000
Georgia	27,000
North Carolina	30,000
Tennessee	0
West Virginia	0
Mississippi	0
Hartford:	
Connecticut	0
Delaware	0
New Jersey	0
Pennsylvania	10,000
New York	300,000
Massachusetts	0
New Hampshire	0
Maine	35,000
Rhode Island	3,712
Vermont	93,000
Washington, D.C.:	
District of Columbia	0
Maryland	5,000
Virginia	0
Total State International Promotion Budget: 29 States	3,450,564

Appendix B

1983 Arrivals from the Top 12 Generating Markets

1. Canada	[1] 10,430,000
2. Mexico	[1] 2,600,000
3. Japan	[1] 1,436,238
4. United Kingdom	[1] 1,293,860
5. Germany	[1] 665,706
6. Venezuela	[2] 553,176
7. France	[1] 423,379
8. Australia	[3] [4] 253,814
9. Brazil	[2] 234,658
10. Italy	[3] 232,446
11. Columbia	[2] 208,981
12. Netherlands	[3] 189,846

[1] Countries with current USTTA offices.
[2] South American countries with current economic problems.
[3] Top potential markets where USTTA does not now have offices.
[4] The Australian market generating figures do not include New Zealand (106,082 arrivals in 1982) which would logically be promoted from an Australian USTTA office.

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