

**Calendar No. 551**

104TH CONGRESS }  
*2d Session* }

SENATE

{ REPORT  
{ 104-341

**UNITED STATES TOURISM ORGANIZATION  
ACT**

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R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND  
TRANSPORTATION

ON

S. 1735



JULY 31, 1996.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

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### UNITED STATES TOURISM ORGANIZATION ACT

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

### REPORT

[To accompany S. 1735]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1735) “A Bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States”, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

#### PURPOSE OF THE BILL

The bill, S. 1735, as reported, seeks to establish the United States Tourism Organization (USTO) as a nongovernmental entity to promote travel and tourism to and within the United States.

#### BACKGROUND AND NEEDS

The tourism industry is the nation’s second largest employer and ranks third in retail sales at \$417 billion. In 1994, tourism was the United States’ number one export with receipts exceeding \$77 billion and a trade surplus of over \$21 billion. Tax revenues from international visits are estimated to be \$7.5 billion for 1994.

Between 1990 and 1995, the United States share of the world tourism market declined. Arrivals, as a share of the world total, decreased from 8.61 to 7.89 percent and total receipts declined from 16.25 to 15.70 percent of the world total. The United States currently ranks third as a tourist destination behind France and Spain. There is no permanent organization, public or private, currently working specifically to increase the United States share of the world tourism market.

In February 1996, the United States Travel and Tourism Administration (USTTA) failed to gain further funding and closed its doors. This agency was charged with promoting travel and tourism to the United States, but even industry supporters believed a public/private partnership would be more effective at fulfilling this goal.

On October 30 and 31 of 1995, the White House held the White House Conference on Travel and Tourism. The Conference brought together 1700 industry representatives to explore, among other issues, ways the industry and government could create a "public/private" partnership to help increase international visits to the United States.

S. 1735 would create a privately managed entity, the United States Tourism Organization, to fulfill the task of promoting the United States as a tourism destination. The USTO would be given fund raising and promotional tools in the form of intellectual property rights and trademark protection over the USTO's logos, name, and symbols. This aspect of S. 1735 is similar to the intellectual property rights protection extended to the United States Olympic Committee over the use of the Olympic rings, torch, and Olympic name.

In addition, a National Tourism Board would be given two years to develop and implement a long-term financing plan for the USTO.

#### LEGISLATIVE HISTORY

On May 8, 1996, Senator Pressler, along with Senators Bryan, Warner, Burns, Stevens, Hollings, Inouye, Ford, Kerry, Breaux, Dorgan, Akaka, Johnston, and Coverdell introduced S. 1735, the National Tourism Organization Act.

Since then, a number of additional Senators have become cosponsors of the bill, including Senators Snowe, Rockefeller, Wyden, and Exon from the Committee on Commerce, Science, and Transportation. On June 6, 1996, in open Executive Session, the Committee ordered S. 1735 reported with amendments.

#### 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, DC, June 21, 1996.*

Hon. LARRY PRESSLER,  
*Chairman, Committee on Commerce, Science, and Transportation,  
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1735, the United States Tourism Organization Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 6, 1996. Assuming the appropriation of the necessary amounts, we estimate that enacting this bill would

result in increased discretionary spending of between \$1 million and \$3 million annually beginning in fiscal year 1999 for tourism-related initiatives. Enacting this bill could also affect the type of activities financed by fees collected by the Department of State, but there would be no net impact on direct spending over time and no effect at all until fiscal year 1999. Thus, the bill would not be subject to pay-as-you-go procedures, which apply only through fiscal year 1998.

*Bill Purpose.*—S. 1735 would establish a United States Tourism Organization (USTO) as a not-for-profit organization chartered by the federal government. The USTO would be authorized to undertake a wide range of activities to promote tourism under the guidance of a 46-member Natural Tourism Board. This charter would be contingent upon the implementation of a long-term financing plan for the USTO within two years after the date of incorporation.

Although the USTO would be a nongovernmental entity, the Under Secretary of Commerce for the International Trade Administration would serve as an ex-officio member of the Board. The bill also would require the Secretary of State and the Director of the United States Information Agency (USIA) to coordinate with the USTO and to place a high priority on implementing the organization's recommendations.

*Federal Budgetary Impact.*—This bill would authorize the USIA and the Department of State to fund activities recommended by the USTO. CBO assumes that the USTO, like the 1995 White House Commission on Travel and Tourism, would propose that these agencies implement a variety of measures to promote tourism. The 1995 commission, for example, recommended that the federal government upgrade the technologies used for visitor entry, make electronic information and transactions for tourists available worldwide, and take steps to ease other barriers to international tourism. Because S. 1735 would direct the agencies to make such initiatives a priority, we expect that some programs that are not being funded under current law would have a higher probability of being implemented if this bill were enacted.

For the purposes of this estimate, we assume that the USTO would be established during fiscal year 1997, but that any costs resulting from USTO's recommendations to federal agencies would not be incurred until the beginning of fiscal year 1999, because of the time needed by the USTO to develop recommendations and by the two agencies and the Congress to review them.

Based on information provided by the agencies, CBO estimates that USIA would spend between \$1 million and \$3 million annually in response to the recommendations of the USTO, assuming appropriation of the necessary amounts. We expect that USTO recommendations for new initiatives by the Department of State would pertain to border security and visas, which are financed by fees charged for machine-readable visas. CBO estimates that enacting this bill would have no net impact on direct spending over time, because it would not change the amount of the collections or the expenditures of those collections. We estimate that other provisions of the bill would have no significant budgetary impact.

*Mandates Statement.*—S. 1735 contains no intergovernmental or private-sector mandates as defined in Public Law 104-4, and would

have no direct impact on the budgets of state, local, or tribal governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

JAMES L. BLUM  
(For June E. O'Neill, Director).

#### 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 AFFECTED

The purpose of the bill is to create a privately managed corporation to promote international tourism to the United States. The number of persons affected by the creation of this organization would depend on how well it is operated and financed through the efforts of the travel and tourism industry.

#### ECONOMIC IMPACT

In 1994, tourism was the United States' number one export with receipts exceeding \$77 billion, which generated a trade surplus of over \$21 billion. The United States Tourism Organization created by this bill, would be charged with promoting tourism to the United States. Any increase in the number of foreign tourists visiting the United States would have a positive impact on the nation's economy. The total economic impact of this legislation would depend upon how successful the promotional efforts of the USTO created by this legislation prove to be.

#### PRIVACY

This legislation would not have any adverse impact on the personal privacy of the individuals affected.

#### PAPERWORK

This legislation would create a privately managed organization, it is not a federal agency. No federal paperwork requirements would be necessary.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 1. Short title*

Section 1 states the short title of the bill, "United States Tourism Organization Act".

##### *Section 2. Findings*

Section 2 shows the findings of Congress. This section highlights the important contributions the travel and tourism industry makes to the nation's economy. The most important of these are that travel and tourism services ranked as the largest export for the United States in 1995 and that direct travel and tourism receipts make up 6 percent of the United States gross national product.

*Section 3. United States Tourism Organization*

Section 3 creates the United States Tourism Organization. The USTO would be a not-for-profit corporation. The USTO would not be considered a government agency and no laws pertaining to government agencies shall be applied to the USTO.

The USTO's primary function would be to increase the United States share of the global tourism market by marketing the United States as a tourism destination on an international level. The USTO would maintain a databank of travel and tourism information and conduct market research necessary for the effective promotion of the United States travel and tourism product.

The USTO would have perpetual succession and represent the U.S. in its relations with international tourism agencies. The USTO would have the rights and responsibilities of a not-for-profit corporation, including the ability to sue and be sued, make contracts, acquire real and personal property, accept gifts, provide financial assistance to other not-for-profit corporations working to enhance the purposes of the USTO, and adopt and amend its own constitution and bylaws.

The USTO would be nonpolitical in nature. It would not promote the candidacy of any person seeking public office.

The USTO would not be permitted to issue stock or to engage in business for profit.

*Section 4. National Tourism Board*

Section 4 creates the National Tourism Board (Board) which would govern the USTO.

The National Tourism Board would be elected or appointed by various travel and tourism-related interests based primarily on the model developed during the White House Conference on Travel and Tourism held October 30–31, 1995 which represents a consensus of over 1,700 travel and tourism representatives.

The Under Secretary of Commerce for International Trade Administration would serve as a member *ex officio*.

It is the intent of the Committee that Board members represent organizations which participate financially in the USTO or represent certain specific tourism industry segments which are not otherwise represented. These members should be senior officers of a travel or tourism industry organization and, when feasible, have international marketing, marketing and/or fundraising responsibilities for that organization.

After the initial election of the Board, it would be self-perpetuating.

Terms of the Board members and the Chair would be determined by the Board and made a part of the USTO's bylaws.

The Board would be responsible for developing a travel and tourism strategy to increase tourism to the United States, and for advising the President, Congress, and members of the industry on the national travel and tourism strategy.

The Board would serve without compensation but could be compensated for expenses incurred in carrying out the duties of the Board.

The Board would be allowed to present testimony, findings, and recommendations to the President and Congress.

The Board would meet within thirty days after the date on which members of the Board have been appointed. Coordination of the USTO's first meeting should be performed by an industry representative familiar with the creation of the USTO. The travel and tourism industry has established a national organization, the "USA National Tourism Organization, Incorporated" (USA NTO, Inc.) to promote international tourism on an interim basis. Because of USA NTO, Inc.'s demonstrated interest in establishing a permanent United States Tourism Organization, its existing national facilities and its relevant experience, as a practical matter, the USA NTO, Inc. chairman appears best suited to convene the first meeting of the Board.

Members of the Board would not be personally liable for any action taken by the Board or the USTO.

*Section 5. Symbols, emblems, trademarks and names*

The USTO would design its own symbols, emblems, trademarks, and names. The symbols, emblems, trademarks, and names would be protected so that unauthorized use could be prosecuted through the civil court system.

The USTO could authorize contributors and suppliers of goods and services to use the trade name of the USTO as well as any symbol, emblem, insignia or trademark in advertising that the goods or services were approved, selected, donated, supplied or used by the USTO.

The USTO would have the exclusive right to the use of the name "United States Tourism Organization" along with any emblem, symbol, insignia, or trademark developed by the USTO.

*Section 6. United States Government cooperation*

The Secretary of State would be directed to place a high priority on implementing the recommendations of the USTO and cooperate with the USTO in carrying out its duties.

The Director of the United States Information Agency would be directed to place a high priority on implementing the recommendations of the USTO and cooperate with the USTO in carrying out its duties.

The Chairman of the USTO would be a member of the Trade Promotion Coordinating Committee.

It is the intent of the Committee that government offices and agencies provide the USTO ready access to travel and tourism-related studies, data, statistics, surveys, and all other relevant information ordinarily prepared by those offices and agencies.

*Section 7. Sunset*

If the USTO has not implemented a plan for long-term financing two years after incorporation, the USTO and Board would terminate.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

