



Testimony to the Ohio House Finance Committee for HB 169 • April 14, 2021

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Chairman Oelslger, Vice Chairman Plummer, Ranking Member Crawley and members of the House Finance Committee, on behalf of the Ohio Hotel & Lodging Association, I thank you for the opportunity to submit written testimony in support of provisions to provide economic relief to hotel & lodging businesses through Representative Cutrona and Representative Swearingen's House Bill 169.

Ohio's travel economy is essential to the state's overall health and prosperity. Hotel & lodging businesses are a key contributor. Prior to the pandemic, hotels produced more than 42,000 direct jobs and supported 192,000 related jobs. Hotels also produced \$27 billion in business sales, \$8 billion in wages and \$4 billion in federal, state and local taxes. By many measures, Ohio's hotel & lodging businesses represent the most negatively impacted sector of our economy due to the pandemic and the official response to COVID-19.

In previously testimony, I've highlighted the devastating impact that the response to COVID-19 has wrought on our industry. I will only recap a few of those today:

- During the height of business closures due to COVID-19, 29,700 of Ohio's direct hotel jobs (70%) and 86,570 supported jobs were lost. 40% of hotel employees are still not working – more than 16,000 jobs in Ohio. 74% of hotels reported they could be forced to lay off more workers and eliminate more jobs.
- 2020 hotel room revenue in Ohio declined by nearly half from 2019 (Source: STR)
- Most hoteliers expect a continued revenue shortfall of 45-60% this year compared to 2019
- Performance for Jan./Feb. 2021 was actually worse than 2020 year-end (Source: STR)
- Ohio has lost more than \$13.6 billion in visitor spending since Jan. 2020 (Source: Tourism Economics)
- The projected tax loss to state and local governments in Ohio from lost hotel business for 2020 is more than \$242 million (Source: Oxford Economics)
- Virtually all credible analysis from multiple industry sources projects that it will be at least 2023 before hotel & lodging business returns to pre-pandemic levels

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The necessary response to COVID-19 has negatively impacted hotel & lodging perhaps more than any other sector. The numerous orders, restrictions, requirements and advisories have temporarily halted much of the activity in these businesses. In addition to very restrictive limits or bans on certain types of business, the postponement of every large event and gathering and the general consumer sentiment against travel – in part a result of the restrictions – have eliminated the majority of income-producing opportunities in the short term. Because of the nature of the meetings and events business, which entails the booking of events far into the future, many cancelled or postponed events won't be rescheduled until 2022, 2023 or later.

Ohio's hotel industry anticipates the beginning of recovery in late 2021, but requires a bridge to safely reach that phase. H.B. 169 can help provide a targeted, short-term support for these businesses and those that work in them can help maintain operations until such time as levels of business and revenue return to sustainable levels, projected to be as early as Q3 2021.

House Bill 169 is a critical piece of the state's response to assist what are by many measures some of the most negatively impacted enterprises in the State of Emergency that persists to this day. While support contained in the state's biennial appropriations bill remains key to building a bridge to the recovery phase, this support from FY 21 will have immediate impact.

As we have discussed in the past, direct grant support can help hotel operators meet essential expenses including, most specifically, payroll and the recall and retention of employees. It can also offset increased cost for PPE and other health safety aspects of operations, perform upgrades of facilities and equipment related to the pandemic, including new disinfecting technologies and HVAC/air quality, meet pending debt and tax obligations, and more. The goal is to keep these businesses open so that they will continue to be a positive contributor to Ohio's economy and part of its recovery infrastructure.

Hotel & lodging jobs provide opportunity, benefits, and advancement for thousands in our state. Appearing before this committee to support the "Investing in Ohio Initiative" and funding for the most impacted sector of our economy, I indicated our industry would share more data about this principle with committee members. Our biggest challenge in finalizing that summary is that even the most recent data is already out of date. Wage rates are increasing, with even starting positions now at – and starting to exceed – \$15.00 per hour in 2021. Let me share just a small preview of some key facts:

- The vast majority of hotels, an average of 98% or higher each year, offer benefits to full-time employees, including critical medical, dental and vision insurance coverages
- More than half of the department managers in hotels and a large percentage of general managers started their hotel careers in hourly entry-level positions

- 79% of hotel & lodging associates rated their overall job satisfaction “higher than average”
- 70% of hotels offer tuition reimbursement, many also offer continuing education options, apprenticeships and mentorships
- Pre-pandemic industry wage data for Ohio showed that for 42 different hotel job classifications, only servers who earned tips in addition to hourly wages had average rates at minimum wage because tips aren’t included in the calculation, and that was only true for hires with minimal experience
- 29 of the 42 job categories had maximum hire rates averaging at least \$14 per hour

We believe that taking care of our associates is an investment in the future — and striving to provide our employees with competitive wages, benefits and opportunities for growth translates to superior guest satisfaction.

Dreams happen in our industry. There are vast opportunities to rise through the ranks – and quickly. The bellman who moves up to general manager, the housekeeper who gets promoted to supervisor, or the dishwasher who one day becomes CEO. These are realities in our businesses.

We greatly appreciate the recognition that this legislation provides in terms of the negative economic impact the response to the pandemic has created for our member businesses and their tens of thousands of employees across Ohio. We urge your support for the inclusion of funding for the hotel & lodging sector, which will protect jobs and accelerate Ohio’s recovery.

Thank you.



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