

# WSTPC NATIONAL ISSUES BULLETIN

## DECEMBER, 2009

*A service for members of the Western States Tourism Policy Council by WSTPC Executive Director Aubrey King (301.464.8060), who can provide more details on any of the issues reported here. Comments or suggestions are always welcome.*

*New information since the last National Issues Bulletin is in bold.*

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### **Federal Highway Reauthorization, Infrastructure and Stimulus**

As the 111<sup>th</sup> Congress concluded its first session and left town a week before Christmas, a flurry of activity included a two-month SAFETEA-LU extension, enactment of the FY 2010 Transportation spending bill, House passage of a new Jobs/Stimulus bill with \$48 billion in infrastructure spending, and finally, Senate passage of the Democrats' landmark health care reform bill. The final steps involved complicated parliamentary maneuvering.

With highway and transit authorizations, and Defense appropriations, set to expire at midnight on December 18th, Congress first took the necessary steps to ensure that there was no expiration and that the necessary extensions were in place in legislation passed by both Houses. First, Congress voice-voted a stop-gap five-day continuing resolution through Dec. 23. This was designed to allow more time for Congress and the President to finish work on the last remaining appropriations bill of the year – the Defense Bill – to which was attached a series of unrelated riders that included a two-month SAFETEA-LU extension.

Congress then approved the Defense appropriations bill, with the House passing it on Wednesday, December 16th and the Senate voting approval on Saturday, December 19<sup>th</sup>, following a brief filibuster by Republicans who were grasping at any means to delay legislative business in the hopes of denying Democrats approval of health care before

**Christmas. President Obama signed the Defense bill into law early Christmas week, and with it, extended surface transportation authorizations through to Feb. 28, 2010, at FY 2009 rescission-adjusted levels.**

**The new two-month extension of SAFETEA-LU authorizations, the third extension since the statutory expiration of the law on Sept. 30, 2009, is another static extension at FY 2009 levels, calculated factoring in \$10.3 billion in rescissions that Congress and the law mandated before FY 09 was out. As a result, there was no retroactive repeal of the rescissions or other contemplated general fund transfers designed to shore up the Highway Trust Fund. These actions await either a longer-term extension or enactment of a longer term authorization bill, still top priorities of key transportation leaders in the House and Senate as they decide how to approach the period following Feb. 28.**

**Meanwhile, the House made a quick head start on what could be the next big transportation infrastructure bill, unveiling and then passing its version of a new Jobs/Stimulus bill. (See below.) The legislation proposes a further SAFETEA-LU extension to Sept. 30, 2010 along with a restoration of the rescinded highway funds, a transfer of \$20 billion of general funds to the Highway Trust Fund (HTF) and the crediting to the HTF of interest accrued on HTF balances. It would also ensure higher funding levels than under current extensions by effectively restoring the FY 2009 baseline to \$41.7 billion for highways and \$8.3 billion for transit and by ratifying 100 percent federal funding for most programs for the rest of this year. (See additional summary below). Senate concurrence with the entirety of this proposal, however, is seen as problematic at best.**

**Not surprisingly, Representative James Oberstar (D-MN), chairman of the House Transportation & Infrastructure Committee, played a major role in crafting the House Jobs bill's rather robust SAFETEA-LU extension provision, in addition to its transportation infrastructure provisions. Oberstar, who has consistently opposed any longer term extension and still hopes to move ahead with a full multi-year reauthorization bill as soon as possible, apparently agreed to this extension proposal (to Sept. 30) in return for what he felt were significant concessions that would improve current transportation programs. At the same time, the Sept. 30 deadline would still allow him to keep Congress' feet to the fire to try to do something on the larger bill before the 2010 mid-term elections.**

**Oberstar is expected to continue to search early next year for acceptable funding sources for a larger bill by communicating regularly with leaders of both the House Ways & Means Committee and the Appropriations Committee. He believes that prospects for progress on this front will improve once the long debate on the current health care legislation is finally over, which looks probable by the end of January.**

**On the other hand, realistic caveats are in order: The House Jobs bill is nowhere near a done deal as the Senate is expected to come up with a separate proposal with a much different authorization extension provision. And it can be expected that the Senate would likely stand firm for an extension past the 2010 elections. At the same time, budget deficit hawks in the Senate will almost certainly object to the general fund transfers and HTF interest provisions. And finally, coming off of the trillion dollar health care debate and a possible second stimulus bill, Congress' appetite for another multi-billion dollar spending package in an election year is far from certain.**

**Here are the main elements of the House Stimulus Bill that now goes to the Senate.**

The Jobs Main Street Act of 2010 (H.R. 2847) was passed on a largely party-line vote of 217-212 on December 16<sup>th</sup> and also includes \$79 billion for help to the unemployed (including the extension of unemployment and health benefits, Medicaid payments, child tax credits, and small business loans) and \$75 billion for the creation and preservation of jobs (including \$48.3 billion for infrastructure).

Following is a summary of the \$48.3 billion of infrastructure components of the bill (most at 100% Federal share) and also a summary of the SAFETEA-LU extension provisions:

### Title 1. Infrastructure Provisions

#### A. Highways: \$27.5 Billion

Available until September 30, 2011

Funds distributed by the same formula used in the American Recovery and Reinvestment Act (ARRA)

--50% STP formula and 50% FY 2008 obligation limit

- Urban area set-aside 30%; enhancements 3%
- 50% under contract within 90 days; 100% within one year
- Priority given to:

Projects to be completed within three years

Projects in economically distressed areas

--Equitable geographic, urban-rural distribution

- \$105 million to Puerto Rico highways
- \$54 million to territorial highways
- \$60 million for priority primary routes discretionary grants
- \$550 million for Indian reservations and federal lands
- \$20 million for highway surface transportation and technology training
- \$5 million for FHWA Office of Expedited Project Delivery

#### B. Transit: \$8.4 Billion

- \$8.4 billion for public transportation investments as under ARRA
- \$6.15 billion for urban and rural formula grants
- \$1.75 billion for formula funds to repair existing subway, light rail, commuter rail
- Projects under contract: 50% within 90 days and 100% within one year

**C. Amtrak: \$800 million**

- For capital grants—acquisition, rehab of rolling stock and passenger equipment
- Funds awarded within 60 days

**D. Airports: \$500 Million**

- Discretionary grants within 120 days
- Projects to be completed within 2 years

**E. Clean Water: \$2 Billion**

- \$1 billion for Clean Water State Revolving Fund
- \$1 billion for Safe Drinking Water State Revolving Fund

**F. Bureau of Reclamation: \$100 million****G. Corps of Engineers: \$715 million****H. Energy Innovation Loans: \$2 billion****I. School Renovation Grants: \$4.1 billion****J. Housing Trust Fund: \$1 billion****K. Public Housing Capital: \$1 billion****Title 2. Surface Transportation Extension Provisions****A. One-year extension of SAFETEA to September 30, 2010****. Funding levels for surface transportation of \$51.35 billion:**

- Highways at \$41.7 billion

**includes the amounts in the previous extensions for FY 2010**

**does not reduce baseline by FY 2009 rescission providing funding for the FY 2010 program at the FY 2009 level as provided by the Congressional Budget Resolution**

**provides other SAFETEA earmarks as distributed as under the current short term extension**

- Transit at \$8.3 billion for (includes the amounts in the previous extensions)

**includes the amounts in the previous extensions for FY 2010**

**transit program funding for categories at authorized levels for FY 2009**

- **NHTSA at \$729 million to extend SAFETEA programs for FY 2010**
- C. 100% federal share on most programs**
- D. Allow receipt of interest on balances In Highway Trust Fund (HTF)**
- E. Provides a one-time \$20 billion general fund cash deposit to HTF**

**\$14.7 billion for highway account and \$4.8 billion for the transit account**

**Close observers will note that the infrastructure provisions of the bill largely mirror those that were included in the original Stimulus bill passed in February, the American Recovery and Reinvestment Act (ARRA). For example, the amounts made available for highways and transit, \$27.5 billion and \$8.4 billion respectively, are the exact same amounts included for those categories in the ARRA bill.**

**This was apparently deliberate considering the very short timeframe that members and staff had to write the bill and the belief on the part of key Democrats that the first Stimulus effort was highly successful in these infrastructure areas with the sole exception that there was not enough money in the first bill. Among the very few significant changes from the first bill are that funds will have to be obligated within 90 days (instead of 120 days in the ARRA) and that more money is designated under transit for rail modernization, as some members noted that such funds were especially proven to be in high demand and able to be spent quickly to good effect on job creation.**

**The bill also includes, with regard to transit capital projects, a provision deemphasizing the Cost Effectiveness Index (CEI) as the paramount criteria in evaluating such projects, thus elevating other criteria and inevitably making more projects eligible more quickly for federal funding.**

**Republican leaders in Congress were quick to denounce the bill, ridiculing it as the “Son of Stimulus” and questioning how new infrastructure spending of this magnitude would create new jobs, when more than half of the original Stimulus money under ARRA has not yet been spent.**

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 was 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 WSTPC continues to support a full six year reauthorization of the highway program and has been thanked by Chairman Oberstar for this support.

### **Travel Promotion Act**

**As international visitors and their spending continue to decline, the long struggle to enact the Travel Promotion Act to reverse these trends was stalled as the first session of the 111<sup>th</sup> Congress ended by an esoteric procedural hurdle only a student of Congress could love. Although passed by substantial majorities in both houses of Congress, the TPA originated and first passed the Senate, in violation of a Constitutional requirement that all revenue measures must originate in the House. As a result, the TPA now languishes in a legislative purgatory awaiting agreement by both Senate and House Parliamentarians as to what legislation would be appropriate for it to be attached so it can be passed again by both Houses. With luck, this may happen early in the second session of the 111<sup>th</sup> Congress beginning in January.**

On October 7<sup>th</sup>, the House of Representatives by a vote of 358-66 passed the same Travel Promotion Act that the Senate had passed on September 9<sup>th</sup> by a vote of 79-19. This bipartisan legislation, long championed by the U.S. Travel Association with the strong support of the WSTPC and the rest of the travel and tourism industry, would establish a public-private corporation to develop and implement a campaign to increase substantially the number of international visitors to the U.S. and reverse the decline of more than two decades in our country's share of the global tourism market. More international visitors will mean greater revenue and more jobs for the U.S. Federal funding for the new Travel Promotion Corporation will come from a \$10 charge on visitors from the "visa waiver countries," who are not required to obtain a U.S. visa. Nearly \$100 million in Federal funding must be matched by non-Federal money.

The bill must be passed a second time by the Senate because all legislation dealing with revenue (in this case, from the fee that will be paid by travelers from visa waiver countries) must pass the House first under the Constitution.

The bill incorporates a recommendation strongly urged by the WSTPC that the new international marketing program "identify opportunities and strategies to promote tourism to rural and urban areas equally, including areas not traditionally visited by international visitors." Another WSTPC recommendation was to ensure that State tourism offices have a strong role in this new international travel marketing program and the bill now requires that two of the eleven member board of directors of the new Travel Promotion Corporation must have "appropriate expertise and experience as officials of a State tourism office."

Also, as recommended by the WSTPC, the TPA authorizes a substantial expansion of the research and development activities of the Department of Commerce, specifically including an expansion of the number of inbound air travelers sampled by the Survey of International Travelers to reach a 1 percent sample size and revising the design and format of the questionnaires to improve response rates to at least double the number of States and cities with reliable international visitor estimates and developing estimates of international traveler expenditures on a State-by-State basis.

Unfortunately, in an anomaly not unusual in Congressional legislation, this turns out to be an "unfunded mandate" for OTTI because although the TPA authorizes appropriation of "such funds as may be necessary to carry out this section," there is at this time no additional money in either the 2010 Commerce Department appropriations bill (passed by the Senate but not yet by the House) or in the 2011 budget being developed in the Department. (All revenue from the new visa waiver traveler fee is devoted to the international tourism marketing program.) Little can be done, of course, until the TPA finally becomes law, but the WSTPC is, however, consulting with friends in Congress and with other tourism-related organizations to see what can be done to support this needed OTTI funding.

### **Three Studies Make Recommendations Regarding Outdoor Recreation**

**The Outdoor Resources Review Group (ORGG)** 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 (NPSCC)** submitted its report to Interior Secretary Salazar on September 24<sup>th</sup> and recommended that Congress establish three new funds to provide more money for the system. The funds would provide full funding of \$900 million per year for the Land and Water Conservation Fund (LWCF), revenues for the Historic Preservation Fund, and revenues to pay for park operations and maintenance. First, money would come from the same source as LWCF assistance now - - renewable energy resources, i.e. offshore oil and gas royalties. Revenues generated by the Department of the Interior by leasing public lands and waters for resource development, primarily oil and gas, have reached a record high in recent years with \$23 billion generated in 2007.

In addition, the commission recommended two other fund-raising initiatives: (1) formation of a presidentially appointed commission of Americans to lead and campaign for voluntary contributions, and (2) a new Parks Centennial Committee seek voluntary contributions to provide a permanent endowment for the parks.

The NPSCC was chaired jointly by former senators J. Bennett Johnston, Jr. (D-La.) and Howard H. Baker, Jr. (R-Tenn.) and received the full cooperation of the NPS. It was largely funded by the National Parks Conservation Association. The commission also called for a greater emphasis on education in the parks, guarantees that park policy would be based on independent science, and a greater emphasis on cultural resources. But

without money all those improvements would be difficult to achieve. Congress established the LWCF program in the Land and Water Conservation Fund Act of 1964.

The law authorized up to \$900 million per year for the program, but subject to annual appropriations. Up to half the money is to go to federal land acquisition and half to state grants. Usually Congress provides around \$200 million per year, although the Obama administration is asking for double that in fiscal 2010. Meanwhile, the unspent reserve in the fund has grown to \$17 billion.

Both President Bush in 2001 and President Obama in 2009 came to office promising full funding for LWCF and to clean up a multi-billion national parks maintenance backlog. Bush provided significantly more money for park maintenance but the backlog continued to grow. In his second term Bush asked that LWCF be stripped to the bone.

Salazar said at the press conference that the Interior Department would look at the recommendations and implement those that it could. The commission report is at <http://www.visionfortheparks.org>.

The third study was *Support for the Great Outdoors America by the National Association of Recreation Resource Planners (NARRP)* and was submitted on October 1<sup>st</sup>. Its major recommendation is to move the LWCF out of the Interior Department and create a new national recreation agency that would coordinate the recreation responsibilities of more than 20 Federal agencies. This study was co-chaired by Rick Just, chief of planning for the Idaho Department of Parks and Recreation and president of NARRP, Jeff Frey, senior planner for the Wisconsin Department of Natural Resources and a board member of NAARP and Glenn Haas, professor emeritus at Colorado State University and vice president of NAARP.

### **National Parks Centennial Initiative**

**No legislation has been introduced in the 111<sup>th</sup> Congress to authorize the centennial initiative program as was proposed by the Bush Administration in the 110<sup>th</sup> Congress but the final 2010 Interior Appropriations bill enacted by Congress includes \$15 million for matching centennial challenge grants. Two inhibiting factors have been the reluctance of the Obama Administration to advance a Bush Administration initiative and the significant additional funding provided for national park infrastructure projects by the 2009 Stimulus Bill (ARRA).**

### **Federal Land Agency 2010 Appropriations**

**Congress has passed and President Obama has signed into law a final Fiscal Year 2010 Interior Appropriations Bill, PL 111-88, which includes funding for all Federal land agencies except the Army Corps of Engineers. The final bill also includes the Federal Land Assistance Management and Enhancement Act (FLAME Act). As now authorized, the FLAME Act not only authorizes use of emergency fire fighting**

funds for the 2010 fiscal year but also extends the program into future years. (See story below regarding the FLAME Act.)

The final appropriations bill provides a significant \$4.66 billion overall spending increase of about 17% over Fiscal 2009. Following are the program allocations most salient to tourism and recreation in this final 2010 bill, compared with those proposed by the President and the final amounts for the 2009 fiscal year.

#### **Park Service Operations**

<b>FY 2010 Final</b>	<b>\$2.262B</b>
<b>Administration Proposal</b>	<b>2.266 B</b>
<b>FY 2009 Final</b>	<b>2.132 B</b>

#### **NPS Centennial Challenge**

<b>FY 2010</b>	<b>15 M</b>
<b>Administration</b>	<b>25 M</b>
<b>FY 2009</b>	<b>-0-</b>

#### **National Forest System**

<b>FY 2010</b>	<b>1.551 B</b>
<b>Administration</b>	<b>1.507 B</b>
<b>FY 2009</b>	<b>1.510 B</b>

#### **Forest Trails**

<b>FY 2010</b>	<b>85.2 M</b>
<b>Administration</b>	<b>82.1 M</b>
<b>FY 2009</b>	<b>81.2 M</b>

#### **FS Recreation Management**

<b>FY 2010</b>	<b>292.6 M</b>
<b>Administration</b>	<b>280.0 M</b>
<b>FY 2009</b>	<b>277.6 M</b>

#### **BLM Recreation Management**

<b>Senate</b>	<b>\$488.6 M</b>
<b>House</b>	<b>503.0 M</b>
<b>Administration</b>	<b>483.0 M</b>
<b>FY 2009</b>	<b>\$468.0 M</b>

## Interagency Fire Fighting

<b>FY 2010</b>	<b>3.515 B</b>
<b>Administration</b>	<b>3.144 B</b>
<b>FY 2009</b>	<b>357 M (Contingency Supplemental Appropriation)</b>

**(NOTE: This is the first time in many years that both Houses have appropriated amounts realistically intended to cover fire fighting costs in an annual appropriations bill but, as with all appropriations provisions, it is only good for one year.)**

### *New Approach to Funding Emergency Forest Firefighting*

**Congress authorized the FLAME Act as a rider to the Fiscal Year 2010 Interior Appropriations Bill. This legislation includes an appropriation of \$474 million for FLAME in Fiscal 2010, with \$413 million for the Forest Service and \$61 million for the Interior Department – amounts based on agency calculations of 2009 expenditures. Overall, for Fiscal 2010, Congress appropriated more than \$3.5 billion for fire fighting. Congress must still appropriate money each year after Fiscal 2010.**

The FLAME Act, H.R. 1404, was added by the Senate to the 2010 Interior Appropriations Bill about to be considered in conference committee. While the firefighting account would receive \$834 million, the money would be simply transferred from existing firefighting programs already in the bill. Since the House earlier approved H.R. 1404 as separate legislation, the Senate action is likely to be approved in the conference committee.

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. 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, with twelve other cosponsors, received a positive hearing by the Senate Energy and Natural Resources Committee on July 21, 2009.

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 the Federal Land Assistance, Management, and Enhancement Fund as a separate account to be withdrawn by the Secretary of the Interior to pay the costs of catastrophic emergency wildland fire suppression activities that are separate from amounts annually appropriated for the predicted annual workload for such activities. 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 were nearly 45 percent.

**The WSTPC consistently supported the FLAME Act since its initial introduction.**

### **Recreation Fee Program**

**It is expected that Senator Baucus will push for consideration of his Fee Repeal bill in the Senate in 2010 once work is completed on Health-Care Reform, which is now dominating the Congressional agenda. Private advocacy groups, notably the Western Slope No Fee Coalition, are lobbying the House of Representatives to get fee repeal legislation introduced there but there appears to be greater House interest in passing major amendments to the existing recreation fee program.**

**On a related issue, the Forest Service in a December 1<sup>st</sup> proposal is recommending a set of changes for privately operated campgrounds on the national forests (about half of all forest campgrounds). In addition to reducing the senior citizen reduction, it also would require concessioners to eliminate day-use fees at day-use sites where visitors hold annual passes. Under existing policy concessioners may charge fees.**

Senator Max Baucus (D-MT) has reintroduced legislation in the 111<sup>th</sup> 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 was referred to the Energy and Natural Resources Committee and no hearings or further action has been scheduled.

In the 110<sup>th</sup> 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 110<sup>th</sup> Congress.

### **National Park Service Tourism Plan**

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

The WSTPC 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.

The WSTPC is working with the National Tour Association and other tourism organizations, along with the Congressional Travel and Tourism Caucus to urge increased funding for the NPS Tourism Office.

### **Snowmobiling in Yellowstone**

**The National Park Service on November 20<sup>th</sup> announced it would reduce by more than half the daily number of snowmobiles allowed in Yellowstone National Park to a cap of 318 snowmobiles per day this winter, beginning December 15<sup>th</sup> and a cap of 78 snowcoaches per day. The plan would apply for the next two winters while the NPS prepares a more permanent plan. The 318 snowmobile cap is down from 720 snowmobiles per day allowed last winter under a Bush Administration rule. The peak number of daily snowmobile visitors last winter was 426. An average of 205 snowmobiles daily entered the Park in 2008-2009. The NPS maintains these new requirements are necessary because conflicting Federal circuit court decisions over the last decade have nullified past regulations. The NPS rejected the suggestion that snowmobiles should be banned altogether from the Park and replaced by all snowcoaches because its most recent environmental analysis “demonstrated that guided snowmobile groups and snowcoaches are roughly equivalent in terms of environmental impact per visitor.”**

**Although the State of Wyoming filed a new lawsuit on November 15<sup>th</sup> in the U.S. District Court for Wyoming challenging the latest NPS snowmobile rule, it has said it will not try to**

**block implementation of the new rule this winter. The National Parks Conservation Association has asked the court for permission to intervene in this lawsuit.**

### **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.

Since June 1, 2009, the DHS requires full passport identification for all travelers to and from Canada and Mexico.

### **Future of Visa Waiver after June 30, 2009**

**The Christmas Day “Detroit Terrorist Bomber” incident has prompted renewed criticism of the visa waiver program for permitting easy access to the U.S. by citizens of those 35 countries. (Although the suspect in this case was not traveling on a visa from a visa waiver country.)**

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.

### **Stimulus Benefits for Travel and Tourism**

Although there are encouraging economic signs, national political concern remains that recovery this year will be dynamic enough to stem rising unemployment. This may lead to pressure for a second stimulus bill. If that happens, it is likely that the next stimulus bill will focus on aid to State and local governments, whose budgets have been severely strained by the recession. 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 support for marketing initiatives and also support for domestic tourism development and expansion through grants from State tourism offices.

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:

### Transportation

ARRA appropriates about \$48.12 billion for highways and transit projects of the U.S. Department of Transportation, \$1.3 billion for aviation and \$9.3 billion for intercity passenger rail projects -- more than was provided in either the House bill or the Senate bill (principally due to the unforeseen high level of non-Amtrak rail funding --\$8 billion) Here is the breakdown by mode of transportation, with some of the pertinent requirements:

#### Highways

\$27.5 billion in formula grants to the states for highways and bridges

States have 120 days after apportionment to obligate the first 50%, and must obligate the remainder within one year after apportionment.

## Transit

\$8.4 billion for the Federal Transit Administration

\$6.9 billion towards capital formula grants

\$750 million towards fixed guideway modernization formula grants

\$750 million towards new starts

States have 120 days after apportionment to obligate the first 50%, and must obligate the remainder within one year after apportionment.

## Aviation:

\$1.1 billion for supplemental airport improvement grants (Federal share of AIP is 100%)

\$200 million for FAA procurement

## Passenger Rail:

\$850 million for Amtrak capital grants

\$450 million through DOT for Amtrak security upgrades

\$8 billion for intercity passenger rail grants and high-speed rail projects

These funds are available through the end of FY 2012.

## Water Resources:

\$4.6 billion for the water resources programs of the Army Corps of Engineers.

## Federal Lands Infrastructure

National Park Service – about \$920 million (Although the NPS did not get the \$2.1 billion originally approved by the House of Representatives, it nonetheless received approximately \$920 million.)

\$146 million for operations and maintenance

\$589 million for construction

\$15 million for historic preservation grants

\$170 million for park roads (from Federal Highway Trust Fund)

Forest Service – about \$900 million (The final bill contains many fewer restrictions on acceptable FS expenditures than were in the Senate version.)

\$650 million for construction

\$250 million for fire fighting and reduction (\$250 million is also approved for State and local fire programs and \$15 million is given the BLM)

Bureau of Land Management – about \$25 million

\$315 million for construction

\$15 million for fire programs

### **Stimulus II and Tourism**

Discussion continues in Washington about a possible second stimulus program. Although there are a number of economic indicators (rising stock market, increasing home sales, higher consumer confidence, greater manufacturing production, inventory declines, etc.) are positive, unemployment continues to stagnate at best. Congress and the White House do not relish the thought of going into the 2010 elections with unemployment remaining high. Once health-care legislation is finished, it is expected that Congress will turn its attention to an attempt to reduce unemployment – a second stimulus program.

Such a program will probably involve more than a single omnibus bill and is likely to include extension of unemployment compensation food stamps and new home-buyer tax credits, as well as consideration of business tax credits for creation of new jobs, tax incentives for new equipment investments, new transportation infrastructure projects and increased aid for State and local governments.

Aid to State and local governments appears especially likely since so many of them are facing severe budget crises. If that happens, there may be an opportunity to use some of this aid to support tourism development. It may be difficult to get funding for tourism marketing programs but State stimulus funds for new jobs from tourism development may be more favorably received. This might include investments in local tourism infrastructure – visitor centers, cultural and historic sites, transportation improvements, etc. – as well as funds to assist local communities in developing tourism plans and strategies. State tourism offices will need to be ready to make a case for such tourism development assistance both in Washington and in their States.