



April 27, 2020

The Honorable Douglas A. Ducey  
Governor of Arizona  
1700 West Washington Street  
Executive Tower  
Phoenix, AZ 85007

Dear Governor Ducey,

The Arizona Lodging and Tourism Association appreciates your leadership in gathering recommendations from our industry on ways to help save jobs and reignite our economy.

As you know, the tourism industry has been hardest hit by the economic fallout due to the COVID-19 pandemic. Unemployment in our industry is at a record high, the average hotel occupancy for those that remain open is less than 10 percent and the state has lost more than \$1.5 billion in visitor spending. According to a recent report from the U.S. Travel Association, the travel industry is experiencing a total impact from coronavirus that is nine times greater than the economic fallout after the 9/11 attacks and losses are on track to top half a trillion dollars by the end of 2020.

Unlike many other industries that can reopen in limited capacities or modify their business models to work remotely, the tourism and hospitality industry is dependent on people traveling, attending conferences, and major events, all of which have been completely halted with no short-term remedy. If we do not act now, many of these businesses will permanently close.

Immediate Action:

We respectfully urge you to defer the May 1<sup>st</sup> property tax payment for hotels with no penalty for 60 to 90 days and provide flexibility for repayment. We are also requesting financial relief from mortgage loan servicers, specifically for commercial mortgage-backed securities. For the past six weeks hotel properties have either shuttered or remained open with limited occupancy. The lack of revenue has put an immediate halt on cashflow, creating an inability to pay bills. Without immediate relief, reopening and rehiring will be nearly impossible.

In March, the hospitality industry was forced to lay off or furlough employees. Many businesses opted to furlough employees with a minimal stipend so they could maintain health insurance during the pandemic. Unfortunately, the decision to offer partial pay has made a certain subset of the furloughed workforce ineligible for state Unemployment Insurance benefits, and also ineligible for the extra \$600 per week that is now made available through the CARES Act.



We are seeking action by the state to allow furloughed employees who receive COVID-19 support payments from their employers to still qualify for unemployment benefits.

Lastly, we request that resort pools reopen immediately only to guests and with proper social distancing protocols in place. As Arizona enters the hottest months of the year, pools are an important accommodation for guests.

Preparedness for Re-Opening the Economy:

As Arizona considers a phased in approach for reopening, businesses need to be prepared for new operating and safety protocols. Access to personal protective equipment (PPE) and enhanced sanitation supplies will be vital to ensuring public health and regaining consumer confidence. Due to the national shortage of PPE, we request assistance and guidance from the Executive on how businesses can properly acquire this much-needed equipment.

With new protocols in place, businesses are facing the harsh reality of frivolous lawsuits based on potential COVID-19 exposure. To protect Arizona businesses, we are requesting liability protections including safe harbors, immunity, and indemnification. We must ensure our economic recovery is not unnecessarily hampered by lawsuits or other costly claims stemming from unreasonable allegations of exposure to COVID-19.

Tourism Recovery:

We believe Arizona will be top of mind for many travelers once consumer confidence rebuilds. It will be essential to promote Arizona locally, nationally and globally, showcasing the incredible destinations across our great state and we urge the state to protect investments in tourism promotion. When the legislature reconvenes, initiatives such as Tourism Marketing Authorities (SB1335) and increased marketing promotion are policy tools that will equip and position our sector in driving recovery for the great state of Arizona.

Lastly, while we are well aware of the fiscal revenue shortfall our state faces, we ask that any reductions in tourism promotion be avoided at all costs. Our ability to market Arizona as a premier destination will benefit our economy and state revenue potential far greater than cuts to balance the budget.



We appreciate your due diligence in balancing public health along with the well-being of our state's economy. Time is of the essence as we are reaching a critical breaking point for the industry and the livelihoods of many businesses and employees are at risk. Thank you for your consideration and your partnership on this effort.

Sincerely,

A handwritten signature in black ink that reads "Kim Sabow". The signature is written in a cursive, slightly slanted style.

Kim Grace Sabow  
President and CEO

CC: Daniel Scarpinato, Chief of Staff, Office of the Arizona Governor  
Sandra Watson, President & CEO, Arizona Commerce Authority  
Debbie Johnson, Director, Arizona Office of Tourism  
Brent DeRaad, Chairman, AzLTA and President & CEO, Visit Tucson