



# 2009 GOVERNMENT RELATIONS SCORECARD

## OVERVIEW

2009 was a challenging year for the world's economy, Congress, President Obama's Administration and the business travel community. In early 2009, NBTA released a list of its Government Relations policy priorities. Throughout the year, NBTA advocated for actions to Congress and the Obama Administration on critical items affecting the business travel industry. NBTA is the leading voice of the business travel industry and the only association that truly represents corporate travelers, travel managers and travel suppliers in Washington, DC.

### 2009 GRADES

NBTA issues the following overall grades on the federal government's performance on business travel issues in 2009:

#### • DOMESTIC TRAVEL:

Federal stimulus spending pumped billions into travel infrastructure, and the Obama Administration announced promising new rules on tarmac delays. Congress was unable to enact neither Federal Aviation Authorization legislation nor new funding for the NextGen air traffic control system.

C

#### • INTERNATIONAL TRAVEL:

The international registered traveler program, Global Entry, saw an expansion to all major U.S. in-bound airports and increased enrollment, while new online registration programs for international travel and document requirements for Western Hemisphere travel were implemented with appropriate caution.

B+

#### • TAXES AND REGULATION:

Meetings, events, and incentive travel came under attack by politicians following government bailouts. Industry pushback limited new mandates to reporting by bailout recipients only. In addition, increased travel taxes continued to plague the industry.

D-

#### • OVERALL GRADE

C+

Please find below an issue-by-issue analysis and letter grades of the actions of the 111th Congress and the Obama Administration on each of NBTA's priorities during 2009.

## DOMESTIC TRAVEL

### Federal Aviation Administration (FAA) Funding

#### NBTA Position and 2009 Recommendation:

- NBTA supports shifting the economic burden of paying for aviation infrastructure from passengers to aircraft under fair and equitable formulas reflecting the interests of consumers and the broad traveling public.
- Congress should enact FAA reauthorization to speed deployment of the Next Generation Air Transport System (NextGen) to reduce delays caused by antiquated systems.

#### 2009 Activity:

- On May 20, 2009, the House of Representatives passed its version of the FAA Reauthorization bill, H.R.915. NBTA supported the legislation due to the \$10.1 billion in funding it would provide for the development and implementation of NextGen through 2012.
- With NBTA's endorsement, the Senate Commerce Committee passed its version of the FAA Reauthorization bill on July 21. In contrast to the House bill, the Senate version did not include a provision to increase airport Passenger Facility Charges or language restricting airline alliances, both of which have been opposed by NBTA. However, the full Senate has been unable to devote time to the measure, meaning another short-term FAA extension was enacted in late December.
- Despite efforts by NBTA and several other organizations, Congress and the Administration did not include funding for NextGen in the American Recovery and Reinvestment Act of 2009, H.R.1 (stimulus). Nor did the House include NextGen funds in its "jobs" bill (H.R.2487) passed in December despite a unified request from the entire aviation community.

### Airline Performance and Aviation Congestion

#### NBTA Position and 2009 Recommendation:

- NBTA supports efforts to reduce airspace congestion and ground delays.
- NBTA supports strong passenger rights legislation, including an automatic turn-back rule for passenger planes delayed on the tarmac for three hours or more. (position released August 2009).

#### 2009 Activity:

- NBTA submitted comments in March to the Department of Transportation (DOT) supporting private sector solutions to tarmac delays during a rulemaking about passenger protections and consumer rights. However, continued airline incidents prompted NBTA to switch positions and advocate for strong passenger rights legislation.
- FAA legislation passed by the House includes requirements that airlines publish tarmac delay protocols, and language included in the Senate bill would require deplaning after delays of three hours or more. However, delays in the broader FAA bill have slowed enactment of any passenger rights provisions.
- DOT issued new rules in December 2009 prohibiting U.S. airlines operating domestic flights from permitting an aircraft to remain on the tarmac for more than three hours without deplaning passengers among other passenger protections. DOT also issued its first airline fines for tarmac incidents in November 2009.

### Transportation Infrastructure

#### NBTA Position and 2009 Recommendation:

- NBTA supports additional federal investments in high-speed rail, intermodal connections, and compensation for security costs.
- Congress should provide additional funding for AMTRAK, private sector high-speed rail networks, and connecting modes of transportation, which can take pressure off crowded aviation routes. The federal government should also refrain from passing down security costs to airlines, cruise lines and other transportation providers.

#### 2009 Activity:

- The stimulus provided \$8 billion for the expansion of high-speed rail, and approximately 24 applications have been filed requesting more than \$50 billion with decisions expected in 2010. Also, the Administration unveiled its high-speed rail proposal in April, which identifies 10 potential high-speed intercity corridors across the country.
- The stimulus also included \$27.5 billion for highway investments, \$1.5 billion for competitive grants to state and local governments for transportation investments, \$430 million for construction of border points of entry, and \$1 billion for security checkpoints and upgraded explosive detection technology for checked baggage.
- The fiscal year 2010 Transportation appropriations bill included \$2.5 billion in grants for high-speed and intercity rail and significant funds for highways and mass transit.
- Congress was unable to complete action on the surface transportation reauthorization due to a dispute over funding sources.

2009 Grade

F

*The inability of Congress to prioritize aviation modernization in its legislative and funding priorities is a significant failure.*

B+

*The Obama Administration has fulfilled a major priority of the business travel community by announcing new tarmac delay rules.*

A

*Investments in transportation infrastructure are a significant achievement that will pay dividends to the traveling public for decades to come.*

## DOMESTIC TRAVEL

### Domestic U.S. Registered Traveler

#### NBTA Position and 2009 Recommendation:

- NBTA strongly supports the domestic U.S. Registered Traveler (RT) program to create shorter lines and more predictable screening times for frequent business travelers.
- NBTA supports a doubling of the enrollment in RT programs and expansion to additional hub airports, while increasing support for the program in the Congress and executive branch.
- TSA should resume and expand the security threat assessments for RT members to allow for security checkpoint benefits.

#### 2009 Activity:

- In May, the House passed the TSA reauthorization bill, which included a provision supported by NBTA to review what security benefits could be provided to RT enrollees who have passed a background check. The Senate did not act on TSA legislation in 2009.
- On June 22, Verified Identity Pass (VIP), operator of the Clear Registered Traveler Program, announced termination of the program at all 18 airport locations and declared bankruptcy in December. Other vendors ceased operations in June, as well.
- FLO, the last remaining qualified RT vendor, and other investors are in discussions with VIP to purchase enrollee information. They are also working with airports to re-to restart the RT network in 2010.
- NBTA continues to support RT and has been vocal in calling for the reestablishment of the program. NBTA has submitted letters to all RT airports requesting they work with vendors to restart RT operations, and NBTA Executive Director & COO Mike McCormick testified before Congress in September in support of the program.

### Terrorist Watch List and Passenger Redress

#### NBTA Position and 2009 Recommendation:

- NBTA supports a comprehensive and accurate cleared list of individuals and a streamlined redress and appeals process for those mistakenly identified as a terror threat.
- The Congress should pass legislation to ensure wrongly identified individuals have a clear and effective redress process.
- TSA should ensure that air carriers have sufficient time to modify IT systems to comply with Secure Flight and that the Government Accountability Office (GAO) certified privacy protections in the program.

#### 2009 Activity:

- With considerable support from NBTA, the U.S. House of Representatives passed the Fair, Accurate, Secure, and Timely (FAST) Redress Act, H.R.559, sponsored by Rep. Yvette Clarke (D-NY), in January. Senate re-introduction by Senator Amy Klobuchar's (D-MN) office is pending evaluation of the Secure Flight program.
- TSA has begun implementation of Secure Flight in stages. The first stage, implemented on May 15, requires the name on a reservation to match the name on a traveler's government-issued ID. On August 15, the second stage took effect requiring domestic airlines to collect each passenger's date of birth and gender when making an airline reservation. Implementation appears to have gone more smoothly than anticipated, although some NBTA members continue to experience problems coordinating Human Resource rules and frequent flyer accounts with airline requirements.
- NBTA has acted as a Secure Flight information resource for NBTA members, having hosted a webinar on the topic in June and a convention education session in August.

#### 2009 Grade

C-

*TSA's lack of support for RT created an environment in which the program collapsed in a soft economy. However, Congress has displayed increasing leadership that may help rejuvenate RT in 2010.*

B

*With implementation timetables extended, Secure Flight execution has gone smoothly to date. However, important redress legislation has stalled in the Senate.*

## TRAVEL TAXES AND REGULATION

### Traveler Taxes

#### NBTA Position and 2009 Recommendation:

- NBTA opposes local, municipal, and state governments using new hotel, airline, and rental car taxes as revenue sources for local projects, such as the construction of a sports stadium, with no connection to the travel industry.
- Congress should pass legislation to prevent local and state governments from unfairly targeting rental car customers to increase revenue for unrelated projects.
- Congress or the FAA should end the practice of not refunding aviation ticket taxes on unused commercial airline tickets

#### 2009 Activity:

- NBTA secured a request from Congressman Bill Pascrell and House Transportation and Infrastructure Committee Chairman Jim Oberstar to investigate ticket taxes on unused commercial airline tickets. NBTA worked with the Government Accountability Office (GAO) to begin this investigation. We continue to encourage swift action by GAO to support Congressional action on the issue.
- NBTA's grassroots efforts have been successful in fending off rental car tax increases in several states.
- In December, Rep. Rick Boucher reintroduced the EDSTAR bill (H.R.4175), which would ban discriminatory rental car taxes, although the bill's future is uncertain.
- The Obama Administration dropped a Bush Administration proposal opposed by NBTA to allow airports to charge congestion pricing.

### Energy and Climate Change

#### NBTA Position and 2009 Recommendation:

- NBTA supports comprehensive energy legislation to increase energy supplies, conservation and tax incentives, while cracking down on energy speculators.
- Congress should enact balanced legislation that promotes all sources of energy, provides tax incentives for production and conservation, and limits speculation in energy markets.
- Congress and the Administration should move cautiously on any climate change legislation and utilize marketplace mechanisms as much as possible.

#### 2009 Activity:

- On June 26, 2009, the American Clean Energy and Security Act (H.R.2454) narrowly passed the House of Representatives by a vote of 219-212. The House vote marks the first time either chamber has passed cap-and-trade provisions. The bill would limit emissions by 17 percent in 2020, 42 percent in 2030, and 83 percent in 2050. Other provisions include new renewable requirements for utilities, new carbon capture and sequestration technology studies and incentives, energy efficiency incentives for homes and buildings, and grants for green jobs.
- The Senate Environment and Public Works committee approved even more ambitious legislation in November, and the Senate has postponed floor debate until 2010.
- Airlines continue to urge the Congress to exempt air travel from U.S. legislative mandates as international aviation bodies have reached agreements on universal emission

### Regulation of Business Travel

#### NBTA Position and 2009 Recommendation:

- NBTA believes efforts by Congress to restrict corporate meetings and incentive travel will only perpetuate the harm on our nation's economy.
- NBTA encourages companies to create and adopt policies for reasonable expenditures and urge the Treasury Department to work with Congress and the broader travel industry to set guidelines for managed travel.

#### 2009 Activity:

- An amendment by Senator Chris Dodd passed as part of the stimulus required the Department of the Treasury to require companies receiving federal assistance to have policies in place for travel and entertainment spending.
- NBTA and other travel stakeholders developed a set of model travel policies to be used for proper government regulation and private sector guidance.
- On June 10, Treasury released an Interim Final Rule for executive compensation and travel requiring companies that received tax payer assistance to develop a company-wide policy for "excessive" expenditures in the areas of meetings, events, and incentive travel. So-called TARP (Troubled Asset Relief Program) companies have filed meetings policies with Treasury.
- NBTA executed a significant grassroots campaign urging Congress to stop denigrating business travel, and released widely-reported research in September on the value of business travel to corporate productivity and profitability.

#### 2009 Grade

C

*Congress has been unable to stem the increasing tide of discriminatory local travel taxes being used to balance budgets and fund unrelated programs.*

*Incomplete*

*The fate of Congressional legislation is very uncertain and international negotiations have only generated high-level principals.*

D

*Congress and the Obama Administration unfairly targeted business travel and meetings for criticism. Industry pushback blocked draconian micromanagement of corporate travel.*

## INTERNATIONAL TRAVEL FACILITATION

### International Registered Traveler

#### NBTA Position and 2009 Recommendation:

- NBTA strongly supports International Registered Traveler (IRT) programs to speed thoroughly-vetted international travelers through immigration processing.
- Customs and Border Protection (CBP) should continue expansion of the Global Entry program to the 13 additional airports and increase enrollment in the program through the use of the mobile enrollment units at trade shows and corporations.
- CBP and the Transportation Security Administration (TSA) should also develop unified enrollment and marketing mechanisms for trusted traveler programs.

#### 2009 Activity:

- In April, CBP launched the first bilateral agreement with a foreign government under which citizens of the Netherlands can apply for the Global Entry program and U.S. can enroll in the Netherlands's Privium program for expedited entry into Amsterdam. Applicants will be subject to threat assessments and must pay the enrollment fee for both programs. The joint program is called FLUX, which officials hope other countries will join in 2010.
- In August, DHS expanded the Global Entry Program to an additional 13 airports - Newark, Honolulu, San Francisco, Orlando, Dallas, Detroit, Boston, Las Vegas, Sanford/Orlando, Seattle, Philadelphia, San Juan, and Ft. Lauderdale. The program currently has around 26,000 enrollees, with an additional 50,000 applicants expected annually.
- The formal rule establishing Global Entry was published in November of 2009.
- NBTA offered the first on-site Global Entry enrolment opportunity during the NBTA Convention in August.

### Visa Processing and the Visa Waiver Program

#### NBTA Position and 2009 Recommendation:

- NBTA supports the expansion of and negotiations with new Visa Waiver Program (VWP) entrants. NBTA continues to advocate for the Department of State (DOS) to improve the efficiency of the visa issuance process.
- The Obama Administration should promptly review potential new VWP countries, and Department of Homeland Security (DHS) should ensure that the Electronic System for Travel Authorization (ESTA) is implemented in a way that does not impede last-minute business travel from VWP countries.

#### 2009 Activity:

- Currently, travelers from 35 countries may travel to the U.S. visa free under the VWP. As of June 30, no new countries can be allowed to entry into the VWP program because a biometric exit procedure has been implemented to track visitors leaving the U.S.
- Two DHS pilot programs that collect biometric identification of departing international travelers were conducted from May 28 – July 2. One was administered by TSA at the security checkpoint at Atlanta International and the other by CBP at the departure gate at Detroit International. Secretary Napolitano is expected to announce the DHS plan for implementing the exit plan soon.
- The ESTA for VWP travelers became mandatory on January 13. NBTA continues to encourage DHS and Secretary Napolitano to practice lenient enforcement until the non-compliance rate dips far below the current 7-8 percent, which represents almost 1 million VWP travelers.

#### 2009 Grade

A

2009 was a successful year for Global Entry. The successful program now needs new marketing resources and additional bilateral agreements.

B-

ESTA has been implemented in a responsible manner to date and needs additional enrollment mechanisms. Failure by DHS to build an exit program in concert with the aviation community has blocked needed VWP expansion.

## INTERNATIONAL TRAVEL FACILITATION

### Western Hemisphere Travel Initiative (WHTI)

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#### **NBTA Position and 2009 Recommendation:**

- NBTA supports a WHTI implementation schedule that is efficient for business travelers, while also effectively enhancing the security of our nation.
- NBTA urges DHS to continue public relations efforts and practice lenient enforcement in the early stages of implementation.

#### **2009 Activity:**

- The land and sea components of WHTI became effective on June 1. Under the initiative, acceptable forms of documentation include a Passport, Trusted Traveler Card (NEXUS, SENTRI, or FAST/EXPRES), U.S. Passport Card, or Enhanced Driver's License.
- CBP has not strictly enforced the document requirements. Admissible travelers entering without WHTI-compliant documentation are allowed entry, and CBP has notified them of the new requirements for future travel. Compliances rates have reached into the high 90's.

### Model Ports of Entry

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#### **NBTA Position:**

- NBTA strongly supports the CBP's Model Ports program to improve the entry experience for returning U.S. citizens and foreign guests.
- NBTA supports and encourages aggressive implementation of the Model Ports of Entry Program by CBP.

#### **2009 Activity:**

- CBP used \$40 million to implement the program at the top 20 international airports in 2009. The money was spent as follows: \$25 million for 200 additional CBP officers, \$6.5 million for CBP overtime at Model Ports locations, and \$8.5 million for Model Ports equipment and services.
- Each Model Port now has the Global Entry registered traveler program in operation.
- The DHS Private Sector office has pledged to reinvigorate the Model Ports initiative as a priority of Secretary Napolitano.

#### 2009 Grade

A-

*CBP and the Department of State have mounted a good public relations campaign to inform travelers, and CBP has shown appropriate flexibility towards travelers in the initial months of enforcement.*

D-

*The Model Ports program has suffered from a lack of dedicated funds and objective criteria.*