

MHLA
Maryland Hotel
Lodging Association

July 15, 2020

The Honorable Shannon Sneed
City Hall
100 N. Holliday Street, Suite 400
Baltimore, Maryland 21202

Re: **OPPOSE**
COVID-19 Employee Retention (20-0543)
COVID-19 Laid-Off Employees Right of Recall (20-0544)

Dear Labor Committee Chair Sneed, Members of the Committee,

As the statewide trade association representing Maryland's \$15 billion lodging industry, and specifically members of the Baltimore City Council of MHLA, we **oppose** the Right to Recall and Hotel Worker Retention proposals currently under consideration by the Baltimore City Council. The industry faces a rocky and uncertain road ahead, and pushing these policies forward without adequate analysis will be counterproductive to any hospitality industry recovery.

We wish to remind the Council that adequate analysis was not done when Bill 18-0296, also targeted at hotels, was passed on December 6, 2018. We supported this bill and were beyond disenchanted when one year later, as the Council passed a corrective bill due to the City's mistake in the legislation previously passed, no consideration was given to our request to reimburse hotels that had already spent upwards of \$180,000 to comply with human trafficking signage requirements in the original bill. Enough is enough! The bills currently under consideration are illegal and discriminatory in nature and hotels are tired of being the target.

It is no secret that the hospitality industry has been hit hard by the COVID-19 pandemic. However, we wish to remain steadfast partners with the City and are committed to helping our local leaders navigate past this crisis. Hotels heeded the call for assistance to house our unsheltered neighbors and also donated various supplies, including blankets, bath amenities, etc. to homeless resource centers. Ongoing donations of food to local food banks and displaced hospitality employees have occurred. Now, as we learn that medical and public safety professionals are also finding the need to isolate and quarantine, hotels are here to extend a helping hand yet again.

And when hotels do well, the City does too. Collectively, Baltimore City hotels contributed more than \$33M in hotel tax to the City's General Fund in FY19. Overnight visitor spending generated nearly \$7.6B in CY2018-19. The hospitality

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industry also employs more than 86,000 workers, accounting for 1 in 16.4 employees in the Baltimore region. As one of the major economic drivers in the City, it is in all our best interests to see a healthy and vibrant hospitality industry.

Unfortunately, the converse of this equation is also true. Struggling hotels mean less money in the City's coffers to trim trees, fill potholes, and fund vital public safety services. Travel and tourism is one of the main pillars of our local economy, but the industry is in a fight for its survival. During this past May, occupancy at operating hotels in Baltimore City was 18.8% compared to 33.4% for the state during the same month. Hotel occupancy in the City was down 75% and revenue was down 91% for May 2020 compared to the same month in the previous year. The pandemic has already forced many City hotels to suspend operations, and approval of the above-mentioned policies will exacerbate this dire economic situation.

Because hotel tax and related visitor spending is such a significant contributor to the General Fund, policy conversations should be focused on creative ways to support the industry in its recovery rather than singling it out and unnecessarily constraining it. Flexibility will be critical; otherwise employees may not have a job to return to. Now is not the time to move haphazardly. More thought, analysis, and study of economic impacts is needed to avoid making a devastating situation even worse.

Many hotels have associates that have been employed for 20+ years with learned experience and know-how that is hard to come by. Hotels already have an incentive to hire the best and most experienced employees for the job, and those skills will be highly desired when this crisis passes. However, forcing hotels to hire based on seniority may not align with the immediate employment needs of the business when operations ramp back up. Although these policies are well-intentioned, the hospitality industry may be forever changed by COVID-19 and overregulating an already struggling industry could result in permanent business, job, and related tax loss.

We look forward to working with the City as this crisis evolves to ensure that hotels and its employees are treated fairly as the economy regains its strength.

Sincerely,



Amy W. Rohrer, CAE
President & CEO