

# Heart of Wisconsin

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## Chamber of Commerce

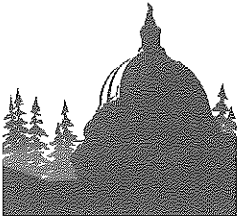
On behalf of the Heart of Wisconsin Chamber of Commerce, I am writing in support of Assembly Bill 233 Relating to: Grants for certain Small Businesses. We strongly support efforts to assist small businesses within the State of Wisconsin.

As the Chamber for the South Wood County Area and Economic Development agent it is imperative to further aid businesses now. Dollars used from the Bill 233 will further give relief to businesses impacted by COVID-19. Now more than ever, we as a state, need to support our business community.

Through this letter, we acknowledge the Bill and support its efforts.



Sincerely,  
Angel Whitehead  
President



# ROB SWEARINGEN

STATE REPRESENTATIVE • 34<sup>th</sup> ASSEMBLY DISTRICT

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**Assembly Committee on Jobs and the Economy  
Testimony for Assembly Bill 233  
April 6, 2021**

Good afternoon and thank you Chairman Wittke and members of the committee for hearing Assembly Bill 233. Additionally, thank you Representative Moses for working with me on this bill.

Small businesses have been a central focus since the beginning of the COVID-19 pandemic. Now that Wisconsin is expected to receive \$3.2 billion in additional federal dollars through the American Recovery Plan Act—it is more than justified that a fraction of this money goes to help small business owners.

As it stands, the governor maintains sole discretion to determine where this money is allocated. This does not ensure a sound financial future for small businesses—this bill would do that.

Assembly Bill 233 will allow businesses that suffered economic damages due to COVID-19 to apply for a grant so long as their sales were less than \$7 million in 2019. The bill will direct \$200 million in funds from the American Recovery Act to be used to assist small businesses. It also stipulates that each business that applies must be certified to collect and remit sales tax and be primarily based here in Wisconsin.

Over the past year, many businesses have received Paycheck Protection Loans, but this only scratches the surface on the needs of many small business owners. This assistance alone is what kept many owners from filing for bankruptcy. A recent study by the National Bureau of Economic Research showed the number of active business owners plummeted by a record 3.3 million across the country over the past year.

I hope I have illustrated to you how crucial this bill is for the hard-working small business owners of Wisconsin.

Thank you once again, Chairman Wittke and members of the Committee. I am happy to address any questions.



April 6, 2021

The Let's Minocqua Visitors Bureau + Chamber of Commerce would like to show our support for AB233 and the additional funding the assembly bill requests towards helping our small businesses.

Making \$200 million dollars available for struggling small businesses across the state will help bolster the economic recovery in a myriad of ways. Nothing is more important than investing in our local home town family businesses. They are the lifeblood of our communities. Without strong local shop owners our communities will fail to thrive and our tourism sector will falter once again.

We would like to see the Wisconsin Economic Development Corporation, Department of Revenue, and the Joint Finance Committee utilize the successful 'We're All In' program to get us get to the finish line. The program was received favorably here in Minocqua by our small businesses and is known by all. By working together to help all of us here in the Northwoods of Wisconsin and around the state we will grow stronger together!

Sincerely,

Krystal Westfahl  
Executive Director  
Let's Minocqua

*The Let's Minocqua Visitors Bureau + Chamber of Commerce exists to advocate for and enhance economic growth for all that visit, work, live, and play in our communities.*



1025 South Moorland Road, Suite 200  
Brookfield, WI 53005

March 6, 2021

To: Members of the Assembly Committee on Jobs and the Economy  
Representative Robert Wittke, Chair

From: Kathi Kilgore, WH&LA Contract Lobbyist

Re: AB 233 (Small Business Grants) and AB 234 (Tourism Industry Grants) - The Needs of the Lodging Industry

The Wisconsin Hotel & Lodging Association (WH&LA) represents hotels, motels, resorts, inns, bed & breakfasts, and lodging executives throughout the state, many of whom are still on the brink of disaster due to the devastation of the tourism industry caused by the COVID-19 pandemic. The lodging properties that WH&LA represent are made up of businesses of all sizes, ranging from single cabins to the large convention hotels. In a non-pandemic world, the lodging industry directly employs about 35,000 people and brings in more than \$117 million in sales tax alone for the state.

2020 was a year like no other for lodging properties all over Wisconsin. Our occupancy rate has averaged about 36%, which is not sustainable for a hotel's survival and is well below the national occupancy rate of 44%. In addition to the plummeting occupancy, we have also seen a significant reduction in room rates. As any business person can tell you, the combination of fewer customers and cheaper prices is a recipe for disaster. An analysis of Wisconsin sales tax collections from March 2020 through December 2020 indicates that revenue for those **reporting under the "Accommodations" code fell by more than \$1 Billion during that period alone.** As the pandemic drags on, these losses continue to mount and are simply not sustainable for hotel and lodging facilities throughout the state.

Knowing that lodging is one of the most dramatically affected industries by the pandemic, we were disappointed that none of the legislation introduced to spend the state's funds from the American Rescue Plan Act of 2021 focused directly on aiding our industry. AB 233 could benefit some lodging properties that had less than \$7 million in 2019 total sales as they could qualify to receive funds to help them stay in business. AB 234 could potentially help some hotels with attached amusement parks and water parks market their properties, and the bill would help destination marketing organizations promote their areas of the state, which also would benefit some hotels. **However, the hotel and lodging industry of Wisconsin as a whole needs significant, targeted financial assistance to survive, perhaps more than any other industry in Wisconsin.**

WH&LA's internal survey from earlier this year showed that more than 60% of properties report that they still have laid off or furloughed employees. **More than 1 out of 3 hotels say that if they**

**no longer received loans and grant assistance, they couldn't survive for another six months.** Many owners/operators of lodging properties have exhausted their life savings and their personal retirement accounts. The same WH&LA survey shows well over half of our member properties anticipated **group business to be down by more than 75%** in the first quarter this year compared to the same quarter in 2019.

The American Hotel & Lodging Association recently released a report showing that **business travel is anticipated to be down 85% this year.** When you consider that business travel is one of the largest sources of hotel revenue, this forecast is incredibly disturbing. We are seeing this trend play out in a particularly depressing manner in the state's metro areas like Madison, Milwaukee and Green Bay, where large conferences and events have been postponed and cancelled. And while it's easy to focus on these areas, don't forget about the many hotels in smaller communities that also cater to the business traveler.

Sports and youth activities are also a vital part of our business, as we house the players and their families as they travel the state. The loss of these events in 2020 was devastating to many lodging facilities because either the leagues determined that they would not travel or where local restrictions prohibited teams from gathering together.

There has been some good news for the industry. WH&LA is thankful for PPP, Employee Retention Tax Credits, and the \$20 million state lodging grant program late last year that was specifically targeted to our industry. We thank the Legislature for passing the COVID-19 liability reform measures to protect our industry from frivolous lawsuits. We also are thankful to the Legislature for passing legislation to make state grant monies and PPP funds exempt from the state income and franchise taxes, and to allow the expenses paid with these funds to be tax deductible.

But while the PPP funds and the lodging grant monies are long gone, they helped keep employees on payroll and allowed our members to pay some of their bills. The problem with all of these programs is that they just temporarily plugged one of many holes. In the lodging industry, they cannot make up the sales after the fact. A hotel room is a bit like a newspaper. You cannot sell yesterday's newspaper. Once the day is over the opportunity for the sale is gone. In the lodging industry, every lost day is a sale we have lost permanently. There is no way to make it up. **There needs to be a significant financial investment in Wisconsin's lodging industry if we want to keep the doors open as we begin the long climb out of the COVID-19 crisis.**

Attached to this memo, you will find the executive summary from the American Hotel & Lodging Association's State of the Hotel Industry 2021 report, which further highlights the plight of our industry.

On behalf of the Wisconsin Hotel & Lodging Association members from across our state, we ask for your support and assistance as we all work to rise out of the COVID-19 pandemic. Thank you for your consideration.

# State of the Hotel Industry 2021

## *Executive Summary*

The hotel industry experienced the most devastating year on record in 2020, resulting in historically low occupancy, massive job loss, and hotel closures across the country.

Hotels were one of the first industries affected by the pandemic after travel was forced to a virtual halt in early 2020, and it will be one of the last to recover.<sup>1</sup> The impact of COVID-19 on the travel industry so far has been nine times that of 9/11.<sup>2</sup>

In 2021, many challenges remain for the industry, including a resurgence of COVID-19 at the end of 2020, new strains of the coronavirus, and a slow vaccine rollout. Travel is not expected to return to 2019 levels until 2024.

Despite this, the industry is resilient, and hotels across the country are focused on creating an environment ready for guests when travel begins to return in 2021.

Leisure travel is expected to return first, with consumers optimistic about national distribution of a vaccine and their ability to travel again this year. At the same time, business travel—which comprises the largest source of hotel revenue—remains nearly nonexistent, though it is expected to begin its slow return in the second half of the year.

The following report outlines the forecasted state of the industry in 2021 and into the immediate future, examining the high-level economics of the recovery, the specific impact on and eventual return of business travel, and a deep dive into consumer travel sentiments.

### **Key findings include:**

1. Hotels will add 200,000 direct hotel operations jobs in 2021 but will remain nearly 500,000 jobs below the industry's pre-pandemic employment level of 2.3 million employees.
2. Half of U.S. hotel rooms are projected to remain empty.
3. Business travel is forecasted to be down 85% compared to 2019 through April 2021, and then only begin ticking up slightly.
4. 56% of consumers say they expect to travel for leisure, roughly the same amount as in an average year.
5. Nearly half of consumers see vaccine distribution as key to travel.
6. When selecting a hotel, enhanced cleaning and hygiene practices rank as guests' number two priority, behind price.

Hotels support millions of jobs across the country and are central to getting our economy back on track. Prior to the pandemic, hotels were proud to support one in 25 American jobs—2.3 million direct hotel operations jobs and 8.3 million hotel-supported in total—and contribute \$660 billion to U.S. GDP.<sup>3</sup> While a full recovery remains years off and further relief is critical, the hotel industry will begin to rebound starting in 2021.



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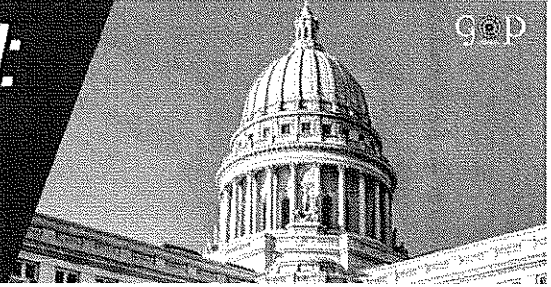
# HOWARD MARKLEIN

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STATE SENATOR • 17<sup>TH</sup> SENATE DISTRICT

## ***RESPONSIBLE STIMULUS PLAN:***

**INVEST IN PEOPLE.  
IMPROVE INFRASTRUCTURE.  
BOOST OUR ECONOMY.**



**April 6, 2021**

**Assembly Committee on Jobs and the Economy  
Testimony on Assembly Bill 233 and Assembly Bill 234**

Thank you Chair Wittke and members of the committee for the opportunity to testify in favor of Assembly Bill (AB) 233 and AB 234. These bills are part of our Responsible Stimulus Plan and I appreciate the opportunity to support our efforts on behalf of the people of Wisconsin.

**The Responsible Stimulus Plan reflects the legislature's priorities to invest in people, improve infrastructure and boost our economy as we recover from the COVID-19 pandemic. It is a thoughtful, thorough plan to work with the Governor to dedicate massive Federal investments into the things that matter most to the people we serve.**

Both houses of the legislature have spent considerable time and effort to develop a real plan after listening and understanding the needs of our people, communities and industries. This plan provides relief and investment to all communities, of all sizes, statewide. Our plan puts money back into the hands of the people.

AB 233 directs the Governor to allocate \$200 million from American Rescue Plan Act (ARPA) of 2021 funding to make grants to small businesses who suffered economic damage as a result of the pandemic. The Department of Revenue (DOR) would administer this program similar to their distribution of grants from the Coronavirus Aid, Relief and Economic Security (CARES) Act funding.

AB 234 requires the Governor to allocate \$50 million from ARPA funding for Tourism Promotion and Development Organization grants and \$25 million from ARPA funding for amusement park and theme park businesses in Wisconsin. These industries were negatively impacted by the COVID-19 pandemic.

Again, please accept this testimony in support of legislation that will support the people of our state who are working to recover and move forward after the last unprecedented year in our history. I believe these bills will make a real difference.

I apologize that I was not able to attend in person due to a meeting of the Joint Committee on Finance (JFC). However, I appreciate the opportunity to testify in support of these bills.



**Chairman Wittke, Vice Chair Armstrong and Members of the Committee on Jobs and the Economy,**

My name is Shawn Phetteplace and I am the State Manager for the Main Street Alliance's Wisconsin chapter. We are a small business advocacy group working on healthcare, childcare, paid family and medical leave and COVID relief policy. Since August we have grown to over 100 member businesses across Wisconsin from Viroqua to Menomonie to Green Bay and our two largest cities, Madison and Milwaukee. Thank you for allowing our organization to testify today. **We are registered as 'opposed' to this legislation because we disagree with the process and the scope of the measure.**

We support grants for small businesses but believe the proposal before the committee doesn't go far enough.

**First, the Governor clearly has authority to spend the American Rescue Plan funds provided to Wisconsin.** Last spring with the first CARES Act funds Speaker Vos stated, "You and your administration have the sole authority to allocate the federal stimulus money." We agree with that statement and believe that any attempt to stall these monies getting to those in need will badly hurt Wisconsin main street business. Assistance delayed is assistance denied and we have real concerns that if this aid becomes a political football it will mean that those in need will not get it in time to help them the most.

**Second, \$200 million dollars is inadequate to meet the needs of small businesses in Wisconsin.** The Governor's proposed \$600 million would much better be able to help provide support to businesses that have fallen through the cracks during the pandemic through no fault of their own. We have been happy to provide feedback to WEDC to ensure that the next round of funding for small businesses is targeted at those in need and that those dollars are spent wisely and fairly. We have been thankful to WEDC and the Governor for providing funding that helped 53,000 businesses throughout the state but there is still more work to do to heal the wounds from this deadly pandemic.

**Lastly, we have concerns about the proposed \$1 billion dollars in property tax relief that has been proposed by the Majority.** While we await analysis by the Legislative Fiscal Bureau it is important to note that much of this property tax relief will likely go towards wealthy individuals rather than a more targeted approach as advanced by the Governor. We look



Jobs and the Economy Committee, Assembly, 1 PM hearing on 4/6 re: AB233

forward to learning more about the impact of this aid and who would stand to benefit the most from it.

**We urge you to vote no on Assembly Bill 233.**

With that, I would like to introduce Main Street Alliance member Jessica Wartenweiler, owner of the Tinsmith, a wedding venue just down the street, to discuss why we need \$600 million for small business.

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