

107TH CONGRESS
1ST SESSION

S. 1500

To amend the Internal Revenue Code of 1986 to provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 4, 2001

Mr. KYL (for himself and Mr. MILLER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Travel America Now
5 Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Prior to September 11, 2001, more than
2 19,000,000 Americans were employed in travel and
3 travel-related jobs, with an estimated annual payroll
4 of \$171,500,000,000.

5 (2) In recent years, the travel and tourism in-
6 dustry has grown to be the third largest industry in
7 the United States as measured by retail sales, with
8 over \$582,000,000,000 in expenditures, generating
9 over \$99,600,000,000 in Federal, State, and local
10 tax revenues in 2000.

11 (3) In 2000, the travel and tourism industry
12 created a \$14,000,000,000 balance of trade surplus
13 for the United States.

14 (4) The travel and tourism industry and all lev-
15 els of government are working together to ensure
16 that, following the horrific terrorist attacks on the
17 World Trade Center and the Pentagon on Sep-
18 tember 11, 2001, travel is safe and secure, and that
19 confidence among travelers is maintained.

20 (5) Urgent, short-term measures are necessary
21 to keep working people working and to generate cash
22 flow to assist the travel and tourism industry in its
23 ongoing efforts to retain its economic footing.

1 (6) Increased consumer spending on travel and
2 tourism is essential to revitalizing the United States
3 economy.

4 (7) The American public should be encouraged
5 to travel for personal, as well as business, reasons as
6 a means of keeping working people working and gen-
7 erating cash flow that can help stimulate a rebound
8 in the Nation's economy.

9 **SEC. 3. PERSONAL TRAVEL CREDIT.**

10 (a) IN GENERAL.—Subpart A of part IV of sub-
11 chapter A of chapter 1 of the Internal Revenue Code of
12 1986 (relating to nonrefundable personal credits) is
13 amended by inserting after section 25B the following new
14 section:

15 **“SEC. 25C. PERSONAL TRAVEL CREDIT.**

16 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
17 dividual, there shall be allowed as a credit against the tax
18 imposed by this chapter for the taxable year an amount
19 equal to the qualified personal travel expenses which are
20 paid or incurred by the taxpayer on or after the date of
21 the enactment of this section and before January 1, 2002.

22 “(b) MAXIMUM CREDIT.—The credit allowed to a
23 taxpayer under subsection (a) for any taxable year shall
24 not exceed \$500 (\$1,000, in the case of a joint return).

1 “(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—

2 For purposes of this section—

3 “(1) IN GENERAL.—The term ‘qualified per-
4 sonal travel expenses’ means reasonable expenses in
5 connection with a qualifying personal trip for—

6 “(A) travel by aircraft, rail, watercraft, or
7 motor vehicle, and

8 “(B) lodging while away from home at any
9 commercial lodging facility.

10 Such term does not include expenses for meals, en-
11 tertainment, amusement, or recreation.

12 “(2) QUALIFYING PERSONAL TRIP.—

13 “(A) IN GENERAL.—The term ‘qualifying
14 personal trip’ means travel within the United
15 States—

16 “(i) the farthest destination of which
17 is at least 100 miles from the taxpayer’s
18 residence,

19 “(ii) involves an overnight stay at a
20 commercial lodging facility and

21 “(iii) which is taken on or after the
22 date of the enactment of this section.

23 “(B) ONLY PERSONAL TRAVEL IN-
24 CLUDED.—Such term shall not include travel if,
25 without regard to this section, any expenses in

1 connection with such travel are deductible in
2 connection with a trade or business or activity
3 for the production of income.

4 “(3) COMMERCIAL LODGING FACILITY.—The
5 term ‘commercial lodging facility’ includes any hotel,
6 motel, resort, rooming house, or campground.

7 “(d) SPECIAL RULES.—

8 “(1) DENIAL OF CREDIT TO DEPENDENTS.—No
9 credit shall be allowed under this section to any indi-
10 vidual with respect to whom a deduction under sec-
11 tion 151 is allowable to another taxpayer for a tax-
12 able year beginning in the calendar year in which
13 such individual’s taxable year begins.

14 “(2) EXPENSES MUST BE SUBSTANTIATED.—
15 No credit shall be allowed by subsection (a) unless
16 the taxpayer substantiates by adequate records or by
17 sufficient evidence corroborating the taxpayer’s own
18 statement the amount of the expenses described in
19 subsection (c)(1).

20 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
21 shall be allowed under this chapter for any expense for
22 which credit is allowed under this section.”.

23 (b) CONFORMING AMENDMENT.—The table of sec-
24 tions for subpart A of part IV of subchapter A of chapter
25 1 of the Internal Revenue Code of 1986 is amended by

1 inserting before the item relating to section 26 the fol-
 2 lowing new item:

“Sec. 25C. Personal travel credit.”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to taxable years ending after the
 5 date of the enactment of this Act.

6 **SEC. 4. TEMPORARY INCREASE IN DEDUCTION FOR BUSI-**
 7 **NESS MEALS AND ENTERTAINMENT.**

8 (a) IN GENERAL.—Subsection (n) of section 274 of
 9 the Internal Revenue Code of 1986 (relating to only 50
 10 percent of meal and entertainment expenses allowed as de-
 11 duction) is amended by adding at the end the following
 12 new paragraph:

13 “(4) TEMPORARY INCREASE IN LIMITATION.—
 14 With respect to any expense or item paid or incurred
 15 on or after the date of the enactment of this para-
 16 graph and before January 1, 2002, paragraph (1)
 17 shall be applied by substituting ‘100 percent’ for ‘50
 18 percent’.”.

19 (b) EFFECTIVE DATE.—The amendment made by
 20 this section shall apply to taxable years ending after the
 21 date of the enactment of this Act.

22 **SEC. 5. NET OPERATING LOSS CARRYBACK FOR TRAVEL**
 23 **AND TOURISM INDUSTRY.**

24 (a) IN GENERAL.—Paragraph (1) of section 172(b)
 25 of the Internal Revenue Code of 1986 (relating to years

1 to which loss may be carried) is amended by adding at
 2 the end the following new subparagraph:

3 “(H) TRAVEL AND TOURISM INDUSTRY
 4 LOSSES.—In the case of a taxpayer which has
 5 a travel or tourism loss (as defined in sub-
 6 section (j)) for a taxable year that includes any
 7 portion of the period beginning on or after Sep-
 8 tember 12, 2001, and ending before January 1,
 9 2002, such travel or tourism loss shall be a net
 10 operating loss carryback to each of the 5 tax-
 11 able years preceding the taxable year of such
 12 loss.”.

13 (b) SPECIAL RULES FOR TRAVEL AND TOURISM IN-
 14 DUSTRY LOSSES.—Section 172 of the Internal Revenue
 15 Code of 1986 (relating to net operating loss deduction)
 16 is amended by redesignating subsection (j) as subsection
 17 (k) and by inserting after subsection (i) the following new
 18 subsection:

19 “(j) RULES RELATING TO TRAVEL AND TOURISM IN-
 20 DUSTRY LOSSES.—For purposes of this section—

21 “(1) IN GENERAL.—The term ‘travel or tourism
 22 loss’ means the lesser of—

23 “(A) the amount which would be the net
 24 operating loss for the taxable year if only in-

1 come and deductions attributable to the travel
2 or tourism businesses are taken into account, or

3 “(B) the amount of the net operating loss
4 for such taxable year.

5 “(2) TRAVEL OR TOURISM BUSINESS.—The
6 term ‘travel or tourism business’ includes the active
7 conduct of a trade or business directly related to
8 travel or tourism, including—

9 “(A) the provision of commercial transpor-
10 tation (including rentals) or lodging,

11 “(B) the operation of airports or other
12 transportation facilities or the provision of serv-
13 ices or the sale of merchandise within such fa-
14 cilities,

15 “(C) the provision of services as a travel
16 agent,

17 “(D) the operation of convention, trade
18 show, or entertainment facilities, and

19 “(E) the provision of other services as
20 specified by the Secretary.

21 “(3) COORDINATION WITH SUBSECTION
22 (b)(2).—For purposes of applying subsection (b)(2),
23 a travel or tourism loss for any taxable year shall be
24 treated in a manner similar to the manner in which
25 a specified liability loss is treated.

1 “(4) ELECTION.—Any taxpayer entitled to a 5-
2 year carryback under subsection (b)(1)(H) from any
3 loss year may elect to have the carryback period
4 with respect to such loss year determined without re-
5 gard to subsection (b)(1)(H). Such election shall be
6 made in such manner as may be prescribed by the
7 Secretary and shall be made by the due date (includ-
8 ing extensions of time) for filing the taxpayer’s re-
9 turn for the taxable year of the net operating loss.
10 Such election, once made for any taxable year, shall
11 be irrevocable for such taxable year.

12 “(5) RELATED TAXPAYERS.—Under regulations
13 prescribed by the Secretary and at the election of a
14 taxpayer entitled to a 5-year carryback under sub-
15 section (b)(1)(H) with respect to a travel or tourism
16 loss, such loss may be credited against the taxable
17 income earned during the 5-year carryback period by
18 any member of a controlled group of corporations
19 (as defined in section 1563(a)) of which the tax-
20 payer is a component or additional member within
21 the meaning of section 1563(b).”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years ending before, on,
24 or after the date of the enactment of this Act.

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