

**TESTIMONY OF J.W. MARRIOTT, JR.  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
MARRIOTT INTERNATIONAL, INC.  
BEFORE THE  
SUBCOMMITTEE ON CONSUMER AFFAIRS,  
FOREIGN COMMERCE AND TOURISM  
OF THE  
UNITED STATES SENATE COMMITTEE ON  
COMMERCE, SCIENCE AND TRANSPORTATION**

**OCTOBER 12, 2001**

**MR. CHAIRMAN AND MEMBERS OF THE  
SUBCOMMITTEE, I'M BILL MARRIOTT. THANK  
YOU FOR THE INVITATION TO TESTIFY THIS  
MORNING.**

**THESE PAST FOUR WEEKS HAVE BEEN THE  
MOST DIFFICULT WEEKS FOR THE TRAVEL  
AND TOURISM INDUSTRY THAT I HAVE  
EXPERIENCED IN THE 45 YEARS I HAVE BEEN  
IN THE HOTEL BUSINESS.**

**ON SEPTEMBER 11 WE HAD OUR WORLD  
TRADE CENTER HOTEL COMPLETELY  
DESTROYED AND OUR FINANCIAL CENTER  
HOTEL, ONE-AND-A-HALF BLOCKS AWAY,  
SEVERELY DAMAGED. HOPEFULLY, WE WILL**

**BE ABLE TO REOPEN IT IN FOUR OR FIVE MONTHS. TRAGICALLY, TWO OF OUR MANAGERS WERE KILLED AS THEY STAYED BEHIND TRYING TO MAKE SURE THAT OUR GUESTS HAD BEEN EVACUATED.**

**BETWEEN THE TWO HOTELS WE SUCCESSFULLY EVACUATED OVER 2000 PEOPLE.**

**WHEN THE WEAPON OF CHOICE FOR A TERRORIST ATTACK IS FOUR AIRLINERS FILLED WITH FUEL AND PASSENGERS, IT IS BOUND TO HAVE A DEVASTATING EFFECT ON ALL OF US.**

**IMMEDIATELY FOLLOWING THE ATTACK, NET RESERVATIONS DROPPED 94%. OUR ROOM REVENUES WERE ALREADY DOWN ABOUT 10% PRIOR TO SEPTEMBER 11. BUSINESS HAS COME BACK. BUT ONLY PART WAY. IN THE LAST THREE WEEKS IN SEPTEMBER WE WERE OFF ABOUT 40% IN REVENUE. WE ARE, THROUGH YESTERDAY, 25% BELOW LAST YEAR IN COMBINED OCCUPANCY AND ROOM RATE – OR WHAT WE CALL REVPAR.**

**OUR BIG CITY AND RESORT CONVENTION HOTELS HAVE BEEN HIT THE HARDEST WITH MASSIVE GROUP CANCELLATIONS. BUSINESS AND VACATION TRAVEL ARE FAR BELOW WHAT THEY SHOULD BE. SEPTEMBER AND**

**OCTOBER ARE THE BEST MONTHS FOR BUSINESS AND CONVENTION TRAVEL. WE HAVE LOST ALL OF THE REVENUE THAT THESE MONTHS USUALLY PROVIDE.**

**THE HOTEL INDUSTRY EMPLOYS OVER TWO MILLION PEOPLE IN THE U.S. TODAY, ONE HALF OF THESE EMPLOYEES HAVE BEEN LAID OFF – OR ARE WORKING ONE OR TWO DAYS PER WEEK.**

**WHILE SOME CONVENTIONS HAVE REBOOKED FOR NEXT YEAR, THE AIRLINES ARE RUNNING AN 80% SCHEDULE AND PLANES ARE HALF FULL. THE BIG TRAVEL AGENCIES REPORT**

**FUTURE BOOKINGS ARE VERY SOFT AND WE ARE COMING INTO THE SLOW SEASON.**

**DECEMBER IS THE WORST HOTEL MONTH AND JANUARY IS THE SECOND WORST.**

**THE INDUSTRY IS VERY CAPITAL INTENSIVE, CARRYING \$200 BILLION OF MORTGAGE DEBT. MOST HOTELS WILL NOT MAKE THEIR DEBT SERVICE PAYMENTS – THIS YEAR OR NEXT.**

**WE ARE NOT ASKING FOR A BAILOUT – JUST YOUR LEADERSHIP IN RECOGNIZING A MAJOR PROBLEM AND ITS TREMENDOUS IMPACT ON OUR ECONOMIC STABILITY AND JOBS. YOUR IMMEDIATE ACTION IS NEEDED TO HELP US RESOLVE THIS SITUATION BEFORE IT**

**COMPLETELY ERODES NOT ONLY THE U.S. ECONOMY, BUT ALSO THE GLOBAL ONE.**

**WE IN THE TRAVEL AND TOURISM INDUSTRY ARE DOING EVERYTHING WITHIN OUR POWER TO ACT RESPONSIBLY IN DOING OUR PART – BOTH LABOR AND MANAGEMENT. WE ARE EMBARKING ON A MASSIVE**

**ADVERTISING CAMPAIGN TO “GET AMERICA TRAVELING AGAIN”.**

**WE HAVE LOWERED OUR RATES AND ARE OFFERING THE MOST ATTRACTIVE TRAVEL PACKAGES EVER.**

**WE HAVE WAIVED THE MINIMUM HOURS REQUIRED FOR OUR BENEFITS ELIGIBLE EMPLOYEES SO THAT THEY CAN KEEP THEIR HEALTH COVERAGE FOR THEMSELVES AND THEIR FAMILIES DURING THIS EMERGENCY PERIOD. AND WE HAVE FROZEN OR REDUCED EXECUTIVE SALARIES.**

**MANY OF THE MAJOR HOTEL CHAINS ARE WAIVING THE CHARGES OR PROVIDING OTHER RELIEF TO FRANCHISEES FOR PARTICIPATION IN FREQUENT STAY AWARDS' PROGRAMS.**

**WE ARE LOOKING AT EVERY CONCEIVABLE POSSIBILITY TO HELP OUR EMPLOYEES, OUR**

**CUSTOMERS, OUR OWNERS AND FRANCHISEES TO WEATHER THIS STORM.**

**WE ASK OUR GOVERNMENT TO DO THE SAME – JOIN US, LABOR AND MANAGEMENT, AS PARTNERS IN SOLVING OUR TRAVEL AND TOURISM CRISIS. WE NEED YOUR LEADERSHIP AS NEVER BEFORE. WE KNOW THAT WE CAN COUNT ON YOU.**

**THERE ARE THREE PROPOSALS WE THINK CONGRESS SHOULD CONSIDER. I WANT TO EMPHASIZE THE FIRST BECAUSE IT WILL PROVIDE AN IMMEDIATE SHOT IN THE ARM FOR TRAVEL AND DO MORE TO SAVE JOBS NOW.**

**THE CONGRESS SHOULD ENACT, AS PART OF ANY ECONOMIC STIMULUS PLAN, A TEMPORARY – AND I STRESS TEMPORARY – BUSINESS TRAVEL TAX CREDIT, LIMITED IN TIME AND COST.**

**LET ME QUOTE FROM THIS WEEK'S ISSUE OF NEWSWEEK: "BUSINESS TRIPS ARE AMONG THE TERRORISTS' VICTIMS". THE ARTICLE GOES ON TO STATE THAT IN THIS POST-ATTACK PERIOD 58% OF AMERICAN BUSINESS CORPORATIONS HAVE PLANS TO CURTAIL TRAVEL.**

**I KNOW THAT MANY MEMBERS OF CONGRESS**

**DO NOT LIKE TAX CREDITS – BUT THEY CAN BE EFFECTIVE WHEN USED PRUDENTLY AND CAUTIOUSLY.**

**A GREAT EXAMPLE IS THE WORK OPPORTUNITY TAX CREDIT, IN WHICH OUR GOVERNMENT AND BUSINESS HAVE WORKED IN PARTNERSHIP TO GET MANY OF OUR CITIZENS OFF THE WELFARE ROLLS AND ONTO PAYROLLS WHERE THEY WANT TO BE AND DESERVE TO BE. ALL OF YOU KNOW HOW THIS SMALL INVESTMENT HAS SAVED MONEY, HELPING BOTH EMPLOYEE AND EMPLOYER. OUR COMPANY ALONE HAS BEEN ABLE TO TRAIN AND PUT 3,000 FORMER WELFARE RECIPIENTS ON OUR PAYROLL THROUGH OUR**

**“PATHWAYS TO INDEPENDENCE” PROGRAM. NOW IS THE TIME FOR THE CONGRESS AND THE ADMINISTRATION TO BE CREATIVE BY USING THE TAX CREDIT PROCESS TO GET US TRAVELING AGAIN. THERE IS NOTHING THAT WILL GET BUSINESSES “BACK TO NORMAL” FASTER – AND MORE EFFECTIVELY - THAN A TRAVEL TAX CREDIT. IT MUST BE TARGETED AND LIMITED BY TIME AND COST.**

**SECONDLY, WE PROPOSE INCREASING THE DEDUCTION FOR MEALS AND ENTERTAINMENT TO 100% FROM 50% AND A RE-INCLUSION OF THE DEDUCTION FOR SPOUSAL TRAVEL. THIS WOULD BE A ONE YEAR PROGRAM.**

**FINALLY, WE PROPOSE A SIX-MONTH HOLIDAY ON PAYROLL TAXES FOR EMPLOYEES AND EMPLOYERS IN THE HOSPITALITY INDUSTRY. THIS WOULD PROVIDE MUCH NEEDED MONEY FOR EMPLOYEES WHOSE HOURS HAVE BEEN CUT AS WELL AS PROVIDE LIQUIDITY FOR THEIR EMPLOYERS.**

**WE MUST DO SOMETHING IMMEDIATELY TO GET PEOPLE TRAVELING AGAIN – OR THE CONSEQUENCES FOR OUR ECONOMY COULD BE DISASTROUS.**

**TRAVEL AND TOURISM IS THE FIRST, SECOND,**

**OR THIRD MOST IMPORTANT INDUSTRY IN 28 STATES AND THE DISTRICT OF COLUMBIA. IT EMPLOYS 18 MILLION AMERICANS, AND PAYS OVER \$100 BILLION PER YEAR IN FEDERAL, STATE AND LOCAL TAXES.**

**LAST YEAR IT GENERATED A \$17 BILLION TRADE SURPLUS.**

**I HOPE YOU WILL HELP US GET AMERICA MOVING AGAIN.**

**THANK YOU.**