



April 9, 2021

Representative Carole Fiola, Chair  
Joint Committee on Tourism, Arts and Cultural  
Development  
24 Beacon St, Room 236  
Boston, MA 02133

Senator Edward K. Kennedy, Chair  
Joint Committee on Tourism, Arts and Cultural  
Development  
24 Beacon St, Room 513  
Boston, MA 02133

Dear Chairwoman Fiola and Chairman Kennedy,

Hospitality and tourism are essential parts of Massachusetts, both the economy and way of life, and play pivotal roles in the state through employment, economic contributions, and tax revenues. In March 2020, hospitality and tourism businesses, like others, took on great risk and closed their doors to protect public health. In many instances, they have been slower to return because of factors outside their control. Now, with an end in sight for the public health crisis and an infusion of federal money, the state should provide direct support and/or incentives so the same businesses can survive, recover, and thrive.

The pandemic has underscored just how many residents are employed in hospitality and tourism jobs. Prior to the pandemic, the hospitality and tourism industry was the third largest in the state and employed one in 10 Massachusetts residents. In 2018, more than 375,000 workers were employed in hospitality, with another 232,000 jobs indirectly supported by the industry. Many young workers, students, and immigrants work in the hospitality industry.<sup>1</sup> These jobs often are individuals' first exposure to the workforce and for many this industry is a lifelong career. As the state reopens, employers will be challenged to fill positions that went unfilled in the 2020 seasons. This is especially true of regions like Cape Cod and the Islands that typically rely on seasonal work visas

These jobs translate to economic activity and tax revenues. In 2018, the hospitality industry generated more than \$28 billion in direct economic output, plus another \$41 billion in supported economic activity.<sup>2</sup> This translates to billions of dollars in tax revenue: in fiscal year 2019, room occupancy taxes generated \$512 million in state and local revenue while meals taxes generated \$1.4 billion in total revenue.<sup>3</sup>

But with the global pause on travel, closed attractions, and cancelled events, the industry is reeling from the COVID-19 pandemic. At the height of the economic shutdown in April 2020, the number of Massachusetts jobs in this industry had dropped by more than half to only 158,000.<sup>4</sup>

COVID-19 is acutely impacting the many small hospitality businesses in Massachusetts. In March, 72% of small business in the arts, entertainment, and recreation sector reported large negative effects from the pandemic, while 53% of accommodation and food service small businesses reported large negative effects.<sup>5</sup> This is due in part to many small businesses in the industry remaining closed despite the broader economic re-opening. As of mid-March, more than half of the state's small businesses in the leisure and hospitality industry remain closed, compared to an overall decline of 35% since January 2020 for all small

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<sup>1</sup> The Boston Foundation and University of Massachusetts Donahue Institute. June 2018. [The Work of Leisure: Behind the Scenes of the Massachusetts Leisure, Hospitality and Tourism Industry.](#)

<sup>2</sup> The Boston Foundation and University of Massachusetts Donahue Institute. June 2018. [The Work of Leisure: Behind the Scenes of the Massachusetts Leisure, Hospitality and Tourism Industry.](#)

<sup>3</sup> Department of Revenue. June 2019. [Monthly Report of Collections and Refunds.](#)

<sup>4</sup> U.S. Bureau of Labor Statistics.

<sup>5</sup> U.S. Census Bureau. March 2021. [Small Business Pulse Survey.](#)

businesses.<sup>6</sup> Many of these businesses will not survive the pandemic; in fact, over 4,000 restaurants that closed will never reopen.<sup>7</sup>

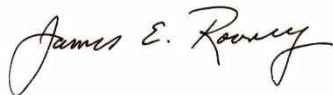
Although the state is beginning to reopen and people are being vaccinated, the industry remains in a precarious spot because of limits on travel and gathering sizes. Despite overall consumer spending in Massachusetts being up 10% when compared to January 2020, spending on restaurants and hotels is down 15.5% and spending on entertainment and recreation is down 45%.<sup>8</sup> Furthermore, Boston's hotel occupancy rate was just 42% at the end of March, the second lowest among major hotel markets in the United States, behind only Minneapolis.<sup>9</sup>

Hospitality and tourism are historically the state's strengths, but the industry is at an inflection point. Given the influx of federal funding, the state should consider additional investments in this industry that both sustain existing business and market the state to potential visitors. These can be in the form of direct payments like grants; tax incentives for re-hiring laid off workers; or a marketing campaign to draw out-of-state visitors.

Beyond direct support, the transportation system will be a factor in the industry's revival. Residents and tourists alike rely on public transportation to visit attractions, go to public events, and travel through the region, so public transportation service schedules should consider the industry's hours. Around the state, the hospitality and tourism workforce needs a strong transportation system for their commutes so regional transit authorities also have a role to play. Having public transit options can help limit congestion on thoroughfares, which otherwise could dampen the industry's recovery efforts.

We look forward to working with your committee to ensure a safe and efficient reopening of the state's hospitality industry. We also hope that the state commits to sustaining and growing this crucial industry in the post-pandemic world. Please do not hesitate to reach out with any questions.

Sincerely,



James E. Rooney  
President and CEO

CC: Joint Committee on Tourism, Arts and Cultural Development

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<sup>6</sup> Opportunity Insights Economic Tracker: [Small Businesses Open](#).

<sup>7</sup> WBUR. December 2020. [Alcohol License Non-Renewals Will Reveal COVID Toll On Mass. Restaurants And Bars, Treasurer Says](#).

<sup>8</sup> Opportunity Insights Economic Tracker: [Consumer Spending](#).

<sup>9</sup> STR. April 2021. [U.S. Hotel Results for Week Ending April 3](#).