

## Communication from Public

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**Council File No:** 14-1371-S13

**Comments for Public Posting:** May 5, 2025 Los Angeles City Council City Hall 200 N. Spring Street Los Angeles, CA 90012 RE: Urgent Request to Delay Council File: 14-1371-S13 Amid Escalating Economic Crisis  
Dear Honorable Members of the Los Angeles City Council: We write to you today with deep concern and urgent caution. Based on the dire economic warnings issued by the City's own Chief Administrative Officer (CAO) and the CEO of the Los Angeles World Airports (LAWA), it is clear that now is the worst possible moment to consider any changes to the city's already-fragile travel, tourism, and hospitality sector. What is unfolding before us is not a temporary dip or post-pandemic hiccup—it is the start of potential irreversible damage to this sector. A Collapse in Tourism Revenue and Demand CAO Matthew Szabo, during his April 29th testimony before the Budget Committee, described the current economy as one plagued with serious downside risk. His stark warning was unambiguous: the City's revenue assumptions, especially from tourism, are increasingly unstable. • “We have uncertainty from the January wildfires, from erratic tariff application, an ongoing trade war, economic and tourism boycotts, disruptive immigration enforcement and deportations, and federal cuts to spending programs and services.” • “Nowhere are we seeing the impacts of federal policies more immediately than in tourism... and of course we rely heavily on tourism to fill our hotels and we're assuming more than \$300 million from our hotel tax alone this year, which by the way hasn't fully recovered from the drop-off that we experienced during COVID.” • “These and other curtailments in international travel led to an immediate and significant drop in our hotel occupancy rates and they're now below 60%. We haven't seen occupancy rates that low since 2016 so these and other indicators require us to consider the impact of a recession as we consider this budget and the decisions that we'll make.” City Transient Occupancy Tax revenue remains well below pre-pandemic levels, and even those reduced forecasts are under threat. International travel—once the city's strongest tourism driver—is collapsing: • Flight bookings from Canada to the U.S. are down more than 70% in 2025. • Major airlines have pulled more than 320,000 seats from LA routes through October. • Allegiant Airlines announced the closure of its LAX pilot and flight attendant bases, affecting 216 jobs and eliminating 14

flights and 9 destinations. • Southwest has—for the first time in company history—laid-off 1,750 employees, with the most significant reductions in California occurring at LAX and Burbank. • Bookings from major European airports to U.S. destinations have dropped up to 23% this year. • Chinese tourism has collapsed from 1.2 million visitors in 2019 to just over 400,000 in 2023—a loss of two-thirds of a critical visitor segment. • Hotel occupancy rates have fallen to below 60%, a level not seen since 2016, with two hotels permanently closing, so far this year, resulting in more than 270 jobs lost. These trends are not theoretical risks—they are already impacting city revenue and threatening job security across the greater tourism and hospitality sector. LAWA CEO: “We Are Setting Them Up for Failure, Full Stop” In his quarterly update to the Trade, Travel, and Tourism Committee on April 22nd, LAWA CEO John Ackerman confirmed that the air travel and tourism sectors are already in steep decline: • LAX has dropped out of the world’s top 10 busiest airports and is projected to shrink in passenger volume this year—a reversal of earlier hopes for growth. • LAX’s international recovery still lags behind competitor airports by more than 30%. Chinese visitation has not returned, and consumer confidence is eroding fast. • Domestic air travel is also weakening. Southwest, Hawaiian, and Allegiant have all reduced LA seat capacity by over 20%. • Delta has withdrawn its entire 2025 outlook—an unprecedented move underscoring deep uncertainty. • Concessions at LAX—primarily small, local businesses—are struggling: Terminal 1 concession revenue is down 30%. Ackerman did not mince words: “The people who depend on us... they are hurting ...our partners are hurting.” Most alarming, Ackerman concluded: “This is the time to reduce the burdens for the people who can create jobs—not the time to increase burdens... some of the things being considered will increase burdens and actually make it more difficult on the employers and eventually that becomes more difficult for workers as well.” Irreversible Damage to LA’s Tourism Economy Is Not Inevitable—But It Is Near With softening consumer and corporate travel demand, supply cuts across airlines, cratering revenues from tourism-dependent businesses, and a hiring system that’s described by LAWA’s CEO as “broken,” we are already seeing damaging impacts to the city’s tourism industry. If city council doesn’t act quickly, this damage to the sector could be unrepairable.



May 5, 2025

Los Angeles City Council  
City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

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We write to you today with deep concern and urgent caution. Based on the dire economic warnings issued by the City's own Chief Administrative Officer (CAO) and the CEO of the Los Angeles World Airports (LAWA), it is clear that now is *the worst possible moment* to consider any changes to the city's already-fragile travel, tourism, and hospitality sector.

What is unfolding before us is not a temporary dip or post-pandemic hiccup—it is the start of potential irreversible damage to this sector.

## A Collapse in Tourism Revenue and Demand

CAO Matthew Szabo, during his April 29<sup>th</sup> testimony before the Budget Committee, described the current economy as one plagued with serious downside risk. His stark warning was unambiguous: the City's revenue assumptions, especially from tourism, are increasingly unstable.

- “We have uncertainty from the January wildfires, from erratic tariff application, an ongoing trade war, economic and tourism boycotts, disruptive immigration enforcement and deportations, and federal cuts to spending programs and services.”
- “**Nowhere are we seeing the impacts of federal policies more immediately than in tourism...** and of course we rely heavily on tourism to fill our hotels and we're assuming more than \$300 million from our hotel tax alone this year, which by the way hasn't fully recovered from the drop-off that we experienced during COVID.”
- “These and other curtailments in international travel led to an immediate and significant drop in our hotel occupancy rates and they're now below 60%. **We haven't seen occupancy rates that low since 2016** so these and other indicators require us to consider the impact of a recession as we consider this budget and the decisions that we'll make.”

City Transient Occupancy Tax revenue remains well below pre-pandemic levels, and even those reduced forecasts are under threat. International travel—once the city's strongest tourism driver—is collapsing:

- Flight bookings from Canada to the U.S. are **down more than 70%** in 2025.
- Major airlines have pulled more than **320,000 seats** from LA routes through October.
- Allegiant Airlines announced the **closure of its LAX pilot and flight attendant bases**, affecting 216 jobs and eliminating 14 flights and 9 destinations.
- Southwest has—for the first time in company history—**laid-off 1,750 employees**, with the most significant reductions in California occurring at LAX and Burbank.
- Bookings from major European airports to U.S. destinations have **dropped up to 23% this year**.
- Chinese tourism has collapsed from 1.2 million visitors in 2019 to just over 400,000 in 2023—a **loss of two-thirds** of a critical visitor segment.
- Hotel occupancy rates have fallen to **below 60%**, a level not seen since 2016, with two hotels permanently closing, so far this year, resulting in more than 270 jobs lost.

These trends are not theoretical risks—they are already impacting city revenue and threatening job security across the greater tourism and hospitality sector.

## LAWA CEO: “We Are Setting Them Up for Failure, Full Stop”

In his quarterly update to the Trade, Travel, and Tourism Committee on April 22<sup>nd</sup>, LAWA CEO John Ackerman confirmed that the air travel and tourism sectors are already in steep decline:

- LAX has dropped out of the world’s top 10 busiest airports and is projected to *shrink* in passenger volume this year—a reversal of earlier hopes for growth.
- LAX’s international recovery still lags behind competitor airports by *more than 30%*. Chinese visitation has not returned, and consumer confidence is eroding fast.
- Domestic air travel is also weakening. Southwest, Hawaiian, and Allegiant have all reduced LA seat capacity by **over 20%**.
- Delta has withdrawn its entire 2025 outlook—an unprecedented move underscoring deep uncertainty.
- Concessions at LAX—primarily small, local businesses—are *struggling*: Terminal 1 concession revenue is down **30%**.

Ackerman did not mince words:

**“The people who depend on us... they are hurting ...our partners are hurting.”**

Most alarming, Ackerman concluded:

**“This is the time to reduce the burdens for the people who can create jobs—not the time to increase burdens... some of the things being considered will increase burdens and actually make it more difficult on the employers and eventually that becomes more difficult for workers as well.”**

## **Irreversible Damage to LA’s Tourism Economy Is Not Inevitable—But It Is Near**

With softening consumer and corporate travel demand, supply cuts across airlines, cratering revenues from tourism-dependent businesses, and a hiring system that’s described by LAWA’s CEO as “broken,” we are already seeing damaging impacts to the city’s tourism industry. If city council doesn’t act quickly, this damage to the sector could be unrepairable for years or even decades to come.

It bears repeating, burdening this sector with higher labor costs now will have devastating consequences:

- More layoffs and fewer hours for frontline tourism and hospitality workers
- Accelerated business closures and further job loss resulting in less tax revenue
- Delays in critical infrastructure investment and service quality declines
- A chilling signal to visitors, businesses, and future investors that Los Angeles is out of step with economic reality

## **A Call for Responsible Leadership**

City officials themselves have described our current economic condition as “unprecedented uncertainty” and “full of red flags.” We ask that you heed these internal warnings. This is not the time to impose cost increases. This is the time to support recovery and economic stability, not jeopardize it with well-intentioned but ill-timed new mandates.

We urge you to delay any further action on Council File: 14-1371-S13 until the health of the city’s tourism sector recovers to its pre-pandemic (2019) levels. Enactment of the ordinance now will only exacerbate the downside risks both CAO Matthew Szabo and LAWA CEO John Ackerman expressed deep concern for and warned about.

Thank you for your leadership during these challenging times and for your commitment to working collaboratively with us to ensure Los Angeles reclaims its strong and resilient tourism economy.

Sincerely,

American Hotel & Lodging Association  
U.S. Travel  
National Restaurant Association  
Hotel Association of Los Angeles  
Airport Restaurant & Retail Association  
International Franchise Association  
California Hotel & Lodging Association  
California Restaurant Association  
CalChamber  
National Association of Black Hotel Owners, Operators & Developers  
Latino Restaurant Association  
BizFed  
Latino Food Industry Association  
Los Angeles Area Chamber of Commerce  
Asian American Hotel Owners Association  
Valley Industry & Commerce Association  
Central City Association of Los Angeles