



The Real Estate  
Roundtable

U.S. TRAVEL  
ASSOCIATION®

June 2, 2025

U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Crapo and Members of the Senate Finance Committee:

The undersigned trade associations representing travel, hospitality, franchising and real estate, whose members are collectively employing millions of American workers, greatly appreciate your efforts to address a significant number of our priority tax issues as part of the reconciliation process currently being undertaken in Congress. We commend you for developing legislation that extends and strengthens tax reform, which will continue to deliver significant economic benefits for American businesses, workers, and families. As you work to advance pro-growth tax priorities, we ask for your assistance on a legislative fix that will provide business certainty for hospitality companies that operate large travel loyalty programs and the millions of customers, owners and franchisees that value these programs.

By way of background, most large hospitality companies have multiple hotel brands and do not own the vast majority of their affiliated hotels. Instead, they manage or franchise hotels under their portfolio of brands on behalf of third-party owners, including many small businesses. They also run large-scale loyalty programs that knit together the thousands of properties in their portfolios with different owners and franchisees. These loyalty programs have become increasingly important in the travel ecosystem, both to consumers by helping to offset a portion of their travel costs through redemptions and discounts to loyalty program members, and to the real estate owners and franchisees that choose to join a brand system, in large part because of the value in affiliation with these brands and their loyalty platforms that deliver a built-in customer base that accelerates acquisition of guests, drives occupancy, and topline revenue.

These companies have long relied on a Department of Treasury Regulation, CFR 451-4 (known as the “Green Stamp” regulation) written in the 1950s, for their loyalty program tax accounting. However, in recent years, the IRS has begun to question taxpayer’s ability to use Sec. 451-4, which could force companies with loyalty programs to pay income tax where there is no net income. Income tax applied where there is no income is distortive, administratively burdensome, inconsistent with the spirit of tax law, and would devalue loyalty programs across the hospitality ecosystem.


As a result, these taxpayers are seeking a legislative solution to codify Sec. 451-4 with modernized language that accounts for both the changes in the economy and the sophistication of hospitality loyalty programs. The goal of this proposed change is to ensure equitable tax treatment for taxpayers by shifting the “Green Stamp” treatment from regulation to statute.

Updating and codifying Sec. 451-4 will help create business certainty, ensure the value of loyalty programs to customers, owners and franchisees, and secure fairness in tax treatment for American businesses that employ millions of workers. As Congress continues its critical work on pro-growth tax policy, we ask for your assistance in this effort, and look forward to working together on our many shared priorities.

Sincerely,



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