



The Real Estate  
Roundtable

U.S. TRAVEL  
ASSOCIATION\*

October 2025

The Honorable Ken Kies  
Assistant Secretary for Tax Policy  
U.S. Department of the Treasury  
Washington, DC

Dear Assistant Secretary Kies:

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 ensure U.S. tax policy enables the Administration's economic priorities. As you work to advance a pro-growth agenda, we ask for your assistance in clarifying a regulation in order to create business certainty for hospitality companies that operate large travel loyalty programs and the millions of customers and hotel owners that rely upon 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 hotel owners, many of which are small businesses. These same hospitality companies also run large-scale loyalty programs that knit together the thousands of properties in their portfolios. 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 to loyalty program members, and to the hotel owners 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 loyalty platforms are generally operated on a break-even basis for the benefit of the hotel owners and enhance travel and drive economic growth.

These companies have long relied on a Department of Treasury Regulation, 26 CFR Section 1.451-4 (known as the "Green Stamp" regulation) written decades ago, for their loyalty program tax accounting. Some taxpayers have used the Green Stamp regulation since their programs were established in the mid 1980's and continue to rely on the regulation today. However, in recent years, uncertainty has arisen around hotel loyalty programs' ability to use Treas. Reg. Sec. 1.451-4, which could force companies with loyalty programs to pay income tax where there is no economic profit. Imposition of income tax where there is no economic profit is distortive, and moreover, inconsistent with the principles of income tax law. Further imposition of income tax

would devalue loyalty programs across the hospitality ecosystem and the benefits they bring to the economy.

As a result, these taxpayers are seeking sub-regulatory guidance from the Treasury Department to eliminate that uncertainty. Clarifying Treas. Reg. Sec. 1.451-4 will help create business certainty, ensure the value of loyalty programs to customers and hotel owners, and secure fairness in tax treatment for American businesses that employ millions of workers. As the Administration 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.

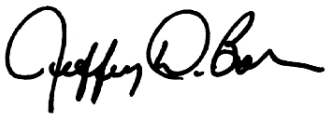
Sincerely,



Rosanna Maietta  
President & CEO  
American Hotel & Lodging Association



Matt Haller  
President & CEO  
International Franchise Association



Jeffrey D. DeBoer  
President & CEO  
The Real Estate Roundtable



Geoff Freeman  
President & CEO  
U.S. Travel Association