



EXHIBITION SERVICES
& Contractors Association

POSITION STATEMENT

IN-HOUSE EXCLUSIVES/SURCHARGES ON SERVICES

The Exhibition Services & Contractors Association, ESCA, is a professional trade association with over 160 general and specialty contractor member companies that provide services and materials to trade shows, exhibitions, conventions, and corporate meetings throughout the United States, Canada, and Mexico. The services provided to show management by ESCA's members include freight handling, furniture, and carpet rental, labor for installation and dismantling, electrical services, cleaning, floral, rental, audiovisual, and many other services. Many of our member companies operate nationally and have developed long working relationships with their clients to provide services for them year after year, irrespective of the city where the event is held.

Sometimes, convention centers and similar facilities explore taking these services "in-house" exclusively or consider imposing an arbitrary surcharge on outside contractors working in the facility to provide these services.

ESCA is opposed to the practice of publicly funded convention facilities imposing exclusive in-house restrictions on those services that ESCA members can provide for the following reasons:

1. Convention centers and similar facilities constructed using state or local tax funds and other revenue obligations should use space rental charges and bed taxes from the hotels to offset their expenses instead of the exclusive provision of support services to clients who lease the facility.
2. Most ESCA members are dues-paying members of their local convention and visitors' bureaus in multiple cities. Their membership indicates their support of the community and the bureau's efforts to bring business to that community. All bureau members should be allowed to compete for business, which comes to a community they support, given that, in most instances, both the bureau and the convention center receive a percentage of the room tax. The bureau receives bed tax and membership dues for sales, marketing, and service to groups. The convention center receives a portion of the room tax to pay on the bonded indebtedness of the center and operation of the facility.
3. Trade associations and show management firms have established relationships with ESCA members to provide services for their shows and exhibitors over the years. They expect a high level of service at a negotiated cost.
4. The private sector, particularly ESCA member firms, who pay taxes on a state and local level, cannot bid on services when in-house exclusives are in place.
5. There could be a strong union reaction if using in-house exclusives jeopardizes their jobs.

Another revenue-seeking alternative adopted by some publicly funded and private convention facilities is the collection of a mandatory percentage surcharge on show management and exhibit-selected contracts that provide essential services to show management and exhibitors. ESCA is also opposed to the practice of arbitrary surcharges placed on the services provided by its member firms for the following reasons:

1. Such surcharges unfairly inflate the cost of services to show management, trade associations, and exhibitors. These groups are already contributing to the local economy through taxes on hotel rooms and food and beverage items.
2. Since the invoice from the contractor must include this mandatory surcharge, it also unfairly inflates the contractor's fee for services.

Unfair competition from the government is an issue. ESCA does not believe that the local or state government should be in the business of providing these goods and services. ESCA also believes that any entity arbitrarily assessed surcharges on services its members supply is an unfair and unnecessary added expense that offers no benefit to the show organizer or exhibitor other than increased cost.

ESCA urges all convention facilities and users to examine those policies. They unfairly restrict show management's right to select contractors of their choice or assess surcharges on suppliers who provide services to the facility users.