

HOUSE BILL ANALYSIS

HB 2090

Brief Description: Modifying and sunseting provisions related to sellers of travel.

Sponsors: Representatives Clements and Lisk

Hearing: February 25, 1999

BACKGROUND:

Registration of travel sellers.

A registration program for sellers of travel was established in 1996, and is administered by the Department of Licensing. The registration fee is set by the department and the amount of the fee is determined by the cost of the registration program. The registration fee is \$234 and is paid annually. Sellers of travel that operate more than one office are issued a duplicate registration for each office for a fee of \$25 per office.

Posting of registration numbers.

Registration numbers must be posted at the travel seller's place of business and in all advertising with limited exceptions.

Maintaining records verifying availability of advertised travel services.

Sellers of travel must maintain records documenting their verification that any travel services advertised by them were in fact available at the time of the advertisement. These records must be kept for two years after the advertisement.

Criminal history.

The director of the Department of Licensing may deny, suspend or revoke a travel seller's registration if the person has been found guilty within the past five years of a felony involving moral turpitude or a misdemeanor involving fraud or misrepresentation.

Written customer disclosure statement.

When a customer arranges for travel services, a written disclosure statement must be provided before the customer pays for the services. The statement must include the travel seller's name, address, phone number and registration number; itemized statement of costs and payment; names of all vendors providing travel services and information on travel arrangements; and the rights and obligations of all parties in the event of cancellation of the travel arrangements.

Trust accounts.

A trust account must be maintained by a seller of travel for money paid by the customer for travel services. Money received from a customer must be deposited in this account within five days of its receipt. Money paid by cash or credit card for airline tickets through the Airline Reporting Corporation (ARC) is exempt from this requirement. Only specified seller of travel expenses may be withdrawn from the trust account.

Division of responsibilities between the Attorney General and the Department of Licensing.

The Department of Licensing has primary responsibility for administering the registration program and monitoring compliance with business practices required under the law. These activities include auditing books and records upon complaint from a customer, suspending and revoking registration, issuing cease and desist orders for violations of the sellers of travel law, and imposing administrative penalties. The attorney general investigates consumer complaints against sellers of travel.

SUMMARY OF BILL:

Registration of travel sellers.

A separate registration fee must be paid for each office or business location having two or more employees for businesses operating in multiple locations. Registration is renewed annually unless the director of the Department of Licensing determines otherwise.

Posting of registration numbers.

Registration numbers need not be included in institutional advertising which is advertising that does not include prices or dates for travel. For example, registration numbers would not be required in the yellow pages of the telephone book.

Maintaining records verifying availability of advertised travel services.

The amount of time that a seller of travel must keep records verifying that advertised travel services are in fact available is reduced from two years to one year.

Criminal history.

The director of the Department of Licensing must consider ten years rather than five years of a person's criminal history for felony convictions involving moral turpitude or misdemeanors involving fraud or misrepresentation as part of the registration process.

Written disclosure statement.

Rather than requiring a detailed disclosure statement on the penalties imposed upon cancellation of travel arrangements, the seller of travel has the option to advise the customer that cancellation penalties and penalties for changing arrangements may apply and additional details will be provided upon request.

Trust account.

A trust account is not required for those sellers of travel who file and maintain a surety bond approved by the director of the Department of Licensing in an amount set by the director of not less than \$10,000 nor more than \$50,000 or an alternative form of security approved by the director such as a certificate of deposit or an irrevocable line of credit. A seller of travel who is a member in good standing of a professional association is also exempt from the requirement to maintain a trust account. The association must be approved by the director and must provide for its members a minimum of \$1 million in errors and omissions insurance or a surety bond or its equivalent in the amount of \$250,000.

Division of responsibilities between the Attorney General and the Department of Licensing.

The duties of the Department of Licensing under the sellers of travel law is limited to administering the registration of travel sellers and monitoring the trust account requirement. Authority to inspect and audit books and records in response to a complaint is deleted. The department duties also include providing technical assistance to registered sellers of travel and publishing information concerning violations.

The attorney general is the primary enforcement and investigative agency for the sellers of travel law. The office has the following duties and responsibilities (1) investigate oral or written complaints on practices of sellers of travel; (2) exercise subpoena powers and take evidence; (3) issue cease and desist orders for practices that violate the law; and (4) assess and collect civil penalties.

Sunset of the sellers of travel act.

The sellers of travel act sunsets June 30, 2002.

RULES AUTHORITY: The bill does contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Requested February 17, 1999.

EFFECTIVE DATE: Ninety days after adjournment of a session in which bill is passed.