

**SHB 2090 - H AMD 0091 ADOPTED 3/17/99**

By Representative

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 19.138.030 and 1996 c 180 s 2 are each amended to read as follows:

A seller of travel shall not advertise that any travel services are or may be available unless he or she has, prior to the advertisement, determined that the product advertised was available at the time the advertising was placed. This determination can be made by the seller of travel either by use of an airline computer reservation system, or by written confirmation from the vendor whose program is being advertised.

It is the responsibility of the seller of travel to keep written or printed documentation of the steps taken to verify that the advertised offer was available at the time the advertising was placed. These records are to be maintained for at least ~~((two))~~ one year~~((s))~~ after the placement of the advertisement.

**Sec. 2.** RCW 19.138.040 and 1996 c 180 s 3 are each amended to read as follows:

At or prior to the time of full or partial payment for any travel services, the seller of travel shall furnish to the person making the payment a written statement conspicuously setting forth the information contained in subsections (1) through (6) of this section. However, if ~~((the sale of travel services is made over the telephone or by other electronic media and payment is made by credit or debit card))~~ payment is made other than in person, the seller of travel shall transmit to the person making the payment the written statement required by this section within three business days of ~~((the consumer's credit or debit card authorization))~~ receipt or processing of the payment. The written statement shall contain the following information:

(1) The name and business address and telephone number of the seller of travel.

(2) The amount paid, the date of such payment, the purpose of the payment made, and an itemized statement of the balance due, if any.

(3) The registration number of the seller of travel required by this chapter.

(4) The name of the vendor with whom the seller of travel has contracted to provide travel arrangements for a consumer and all pertinent information relating to the travel as known by the seller of travel at the time of booking. The seller of travel will make known further details as soon as received from the vendor. All information will be provided with final documentation.

(5) ~~((The conditions, if any, upon which the contract between the seller of travel and the passenger may be canceled, and the rights and obligations of all parties in the event of cancellation.))~~ An advisory regarding the penalties that would be charged in the event of a cancellation or change by the customer. This may contain either: (a) The specific amount of cancellation and change penalties; or (b) the following statement: "Cancellation and change penalties apply to these arrangements. Details will be provided upon request."

(6) A statement in eight-point boldface type in substantially the following form:

"If transportation or other services are canceled by the seller of travel, all sums paid to the seller of travel for services not performed in accordance with the contract between the seller of travel and the purchaser will be refunded within thirty days of receiving the funds from the vendor with whom the services were arranged, or if the funds were not sent to the vendor, the funds shall be returned within fourteen days after cancellation by the seller of travel to the purchaser unless the purchaser requests the seller of travel to apply the money to another travel product and/or date."

**Sec. 3.** RCW 19.138.100 and 1996 c 180 s 4 are each amended to read as follows:

No person, firm, or corporation may act or hold itself out as a seller of travel unless, prior to engaging in the business of selling or advertising to sell travel services, the person, firm, or corporation registers with the director under this chapter and rules adopted under this chapter.

(1) The registration number must be conspicuously posted in the place of business and must be included in all advertisements. ~~((Any~~

~~corporation which issues a class of equity securities registered under section 12 of the securities exchange act of 1934, and any subsidiary, the majority of voting stock of which is owned by such corporation including any wholly owned subsidiary of such corporation are not required to include company registration numbers in advertisements.))~~  
Sellers of travel are not required to include registration numbers on institutional advertising. For the purposes of this subsection, "institutional advertising" is advertising that does not include prices or dates for travel services.

(2) The director shall issue duplicate registrations upon payment of a ~~((nominal))~~ duplicate registration fee to valid registration holders operating more than one office. The duplicate registration fee for each office shall be an amount equal to the original registration fee.

(3) No registration is assignable or transferable.

(4) If a registered seller of travel sells his or her business, when the new owner becomes responsible for the business, the new owner must comply with all provisions of this chapter, including registration.

(5) If a seller of travel is employed by or under contract as an independent contractor or an outside agent of a seller of travel who is registered under this chapter, the employee, independent contractor, or outside agent need not also be registered if:

(a) The employee, independent contractor, or outside agent is conducting business as a seller of travel in the name of and under the registration of the registered seller of travel; and

(b) All money received for travel services by the employee, independent contractor, or outside agent is collected in the name of the registered seller of travel and ~~((deposited directly into))~~ processed by the registered seller of ((travel's trust account)) travel as required under this chapter.

**Sec. 4.** RCW 19.138.120 and 1994 c 237 s 5 are each amended to read as follows:

(1) Each seller of travel shall renew its registration on or before July 1 of every ~~((other))~~ year or as otherwise determined by the director.

(2) Renewal of a registration is subject to the same provisions covering issuance, suspension, and revocation of a registration originally issued.

(3) The director may refuse to renew a registration for any of the grounds set out under RCW 19.138.130, and where the past conduct of the applicant affords reasonable grounds for belief that the applicant will not carry out the applicant's duties in accordance with law and with integrity and honesty. The director shall promptly notify the applicant in writing by certified mail of its intent to refuse to renew the registration. The registrant may, within twenty-one days after receipt of that notice or intent, request a hearing on the refusal. The director may permit the registrant to honor commitments already made to its customers, but no new commitments may be incurred, unless the director is satisfied that all new commitments are completely bonded or secured to insure that the general public is protected from loss of money paid to the registrant. It is the responsibility of the registrant to contest the decision regarding conditions imposed or registration denied through the process established by the administrative procedure act, chapter 34.05 RCW.

**Sec. 5.** RCW 19.138.130 and 1997 c 58 s 852 are each amended to read as follows:

(1) The director may deny, suspend, or revoke the registration of a seller of travel if the director finds that the applicant:

(a) Was previously the holder of a registration issued under this chapter, and the registration was revoked for cause and never reissued by the director, or the registration was suspended for cause and the terms of the suspension have not been fulfilled;

(b) Has been found guilty of a felony within the past (~~five~~) ten years involving moral turpitude, or of a misdemeanor concerning fraud or conversion, or suffers a judgment in a civil action involving willful fraud, misrepresentation, or conversion;

(c) Has made a false statement of a material fact in an application under this chapter or in data attached to it;

(d) Has violated this chapter or failed to comply with a rule adopted by the director under this chapter;

(e) Has failed to display the registration as provided in this chapter;

(f) Has published or circulated a statement with the intent to deceive, misrepresent, or mislead the public; or

(g) Has committed a fraud or fraudulent practice in the operation and conduct of a travel agency business, including, but not limited to, intentionally misleading advertising.

(2) If the seller of travel is found in violation of this chapter or in violation of the consumer protection act, chapter 19.86 RCW, by the entry of a judgment or by settlement of a claim, the director may revoke the registration of the seller of travel, and the director may reinstate the registration at the director's discretion.

(3) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

**Sec. 6.** RCW 19.138.140 and 1996 c 180 s 7 are each amended to read as follows:

(1) A seller of travel shall deposit in a trust account maintained in a federally insured financial institution located in Washington state, or other account approved by the director, all sums held for more than five business days that are received from a person or entity, for retail travel services offered by the seller of travel. This subsection does not apply to travel services sold by a seller of travel, when payments for the travel services are made through the airlines reporting corporation (~~either by cash or credit or debit card sale~~)).

(2) The trust account or other approved account required by this section shall be established and maintained for the benefit of any person or entity paying money to the seller of travel. The seller of travel shall not in any manner encumber the amounts in trust and shall not withdraw money from the account except the following amounts may be withdrawn at any time:

(a) Partial or full payment for travel services to the entity directly providing the travel service;

(b) Refunds as required by this chapter;  
(c) The amount of the sales commission;  
(d) Interest earned and credited to the trust account or other approved account;

(e) Remaining funds of a purchaser once all travel services have been provided or once tickets or other similar documentation binding upon the ultimate provider of the travel services have been provided;  
or

(f) Reimbursement to the seller of travel for agency operating funds that are advanced for a customer's travel services.

(3) The seller of travel may deposit noncustomer funds into the trust account as needed in an amount equal to a deficiency resulting from dishonored customer payments made by check, draft, credit card, debit card, or other negotiable instrument.

(4) At the time of registration, the seller of travel shall file with the department the account number and the name of the financial institution at which the trust account or other approved account is held as set forth in RCW 19.138.110. The seller of travel shall notify the department of any change in the account number or location within one business day of the change.

~~((4))~~ (5) The director, by rule, may allow for the use of other types of funds or accounts only if the protection for consumers is no less than that provided by this section.

~~((5))~~ (6) The seller of travel need not comply with the requirements of this section if all of the following apply, except as exempted in subsection (1) of this section:

(a) The payment is made by credit card;

(b) The seller of travel does not deposit, negotiate, or factor the credit card charge or otherwise seek to obtain payment of the credit card charge to any account over which the seller of travel has any control; and

(c) If the charge includes transportation, the carrier that is to provide the transportation processes the credit card charge, or if the charge is only for services, the provider of services processes the credit card charges.

~~((6))~~ (7) The seller of travel need not maintain a trust account nor comply with the trust account provisions of this section if the seller of travel:

(a)(i) Files and maintains a surety bond approved by the director in an amount of not less than ten thousand nor more than fifty thousand dollars, as determined by the director based on the volume of business conducted by the seller of travel during the prior year. The bond shall be executed by the applicant as obligor by a surety company authorized to transact business in this state naming the state of Washington as obligee for the benefit of any person or persons who have suffered monetary loss by reason of the seller of travel's violation of this chapter or a rule adopted under this chapter. The bond shall be conditioned that the seller of travel will conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse any person or persons who suffer monetary loss by reason of a violation of this chapter or a rule adopted under this chapter.

(ii) The bond must be continuous and may be canceled by the surety upon the surety giving written notice to the director of the surety's intent to cancel the bond. The cancellation is effective thirty days after the notice is received by the director.

(iii) The applicant may obtain the bond directly from the surety or through other bonding arrangement as approved by the director.

(iv) In lieu of a surety bond, the applicant may, upon approval by the director, file with the director a certificate of deposit, an irrevocable letter of credit, or such other instrument as is approved by the director by rule, drawn in favor of the director for an amount equal to the required bond.

(v) Any person or persons who have suffered monetary loss by any act which constitutes a violation of this chapter or a rule adopted under this chapter may bring a civil action in the superior court against the seller of travel and the surety upon such bond or approved alternate security of the seller of travel who committed the violation of this chapter or a rule adopted under this chapter or who employed the seller of travel who committed such violation. A civil action brought in the superior court pursuant to the provisions of this section must be filed no later than one year following the alleged violation of this chapter or a rule adopted under this chapter; or

(b) Is a member in good standing in a professional association, such as the United States tour operators association or national tour association, that is approved by the director and that provides or requires a member to provide a minimum of one million dollars in errors and professional liability insurance and provides a surety bond or

equivalent protection in an amount of at least two hundred fifty thousand dollars for its member companies.

(8) If the seller of travel maintains its principal place of business in another state and maintains a trust account or other approved account in that state consistent with the requirement of this section, and if that seller of travel has transacted business within the state of Washington in an amount exceeding five million dollars for the preceding year, the out-of-state trust account or other approved account may be substituted for the in-state account required under this section.

**Sec. 7.** RCW 19.138.170 and 1994 c 237 s 13 are each amended to read as follows:

The director has the following powers and duties:

(1) To adopt, amend, and repeal rules to carry out the purposes of this chapter;

(2) To issue and renew registrations under this chapter and to deny or refuse to renew for failure to comply with this chapter;

(3) To suspend or revoke a registration for a violation of this chapter;

(4) To establish fees;

(5) Upon receipt of a complaint, to inspect and audit the books and records of a seller of travel. The seller of travel shall immediately make available to the director those books and records as may be requested at the seller of travel's place of business or at a location designated by the director. For that purpose, the director shall have full and free access to the office and places of business of the seller of travel during regular business hours. When ten or more complaints have been received by either the department or the attorney general on a seller of travel within a period of ninety days, the department shall inspect and audit books and records of the seller of travel; and

(6) To do all things necessary to carry out the functions, powers, and duties set forth in this chapter.

NEW SECTION. **Sec. 8.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."



Correct the title.

EFFECT: The striking amendment makes the following changes:

(1) **Duplicate registration.** Allows sellers of travel who operate offices at multiple locations to register all locations with one registration document through the issuance of duplicate registration documents. The fee for each duplicate registration must be the same amount as that for the primary registration.

(2) **Exemption for publicly traded companies.** Reinstates an exemption to the registration requirement for out-of-state employees for publicly traded corporations.

(3) **Bad checks and trust accounts.** Allows sellers of travel to deposit non-customer funds into a trust account to cover payments made by the customer that are subsequently dishonored leaving insufficient funds in the trust account.

(4) **Professional organizations and insurance.** Clarifies that a qualifying professional association whose members are sellers of travel may either provide or require individual members to provide professional liability insurance in order to qualify as a substitute for the trust account requirement.

(5) **Required audits.** Requires the Department of Licensing to audit books and records of sellers of travel against whom ten or more complaints have been filed with either the Department or the Attorney General.

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