

SENATE BILL REPORT

HB 2590

As of February 20, 2014

Title: An act relating to sellers of travel.

Brief Description: Concerning sellers of travel.

Sponsors: Representatives Kirby and Ryu.

Brief History: Passed House: 2/12/14, 95-2.

Committee Activity: Commerce & Labor: 2/19/14.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Jessica Stevenson (786-7465)

Background: The Department of Licensing (DOL) regulates sellers of travel. Sellers of travel are currently defined as travel agents, independent contractors or outside agents for a travel agency, or others whose principal duties include consulting and advising about travel arrangements or accommodations.

Sellers of travel must register with DOL prior to selling or advertising travel services. The registration must be renewed on or before July 1 of every year or as determined by the director of DOL. A seller of travel's registration number must be conspicuously posted in the seller's business and must be included in advertisements. Sellers of travel are not required to include their registration number in institutional advertising, which does not include prices or dates for travel services.

Prior to or at the time of payment, sellers of travel must provide a purchaser of travel services with a written statement including the following:

- seller's name, contact information, and registration number;
- amount, date, and purpose of the payment;
- information about the vendor with whom the seller of travel has contracted to provide travel arrangements and the travel plans;
- statements about cancellations and penalties; and
- statements about refunds when travel services are cancelled by the seller of travel in eight point boldface type.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A seller of travel must deposit all money held for more than five business days for travel services offered by the seller of travel in a trust account.

Summary of Bill: The definition of seller of travel includes sellers of travel discount programs and sellers of travel-related benefits. A seller of travel discount programs is defined as a membership, benefit program, or other arrangement that purports to entitle the purchaser of the program to a discount, reduced price, or preferential treatment for future transportation or any other travel services.

A seller of travel's registration must be renewed annually. The registration number must be conspicuously posted in the seller's business and must be in all advertisements and on all business cards.

The purpose of payment is not required to be disclosed to a purchaser of travel services in the written statement prior to or at the time of payment.

The statements required about refunds when the seller of travel cancels travel services must include a statement that the customer has the option to purchase travel insurance.

A seller of travel must deposit all money for travel services in a trust account.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill adds some disclosures and definitions, and requires travel agents to run all of the money through a trust account. Trouble can happen during the current five-day period for depositing money into the trust account. There are concerns that some travel agents may be using the five-day period for a cash-flow management tool. Consumers have recourse when the money goes through the trust account. Consumers have expressed complaints that trips have not been booked or return flights were not booked.

CON: The trust fund is a major issue because travel agents cannot put checks in an account immediately. The bill will create a burden on small businesses, and there will be no benefit to travel agencies or consumers. Travel agents rarely take money into their offices. The bill might make some travel agents not accept cash or checks anymore. Consumers must pay extra charges when paying with credit cards. There is no cash flow in travel agencies because consumers pay for their trips when they book it. No benefit will come from requiring everyone to have a seller of travel license.

OTHER: There is not a huge number of complaints filed compared to other industries, but the value to consumers is huge because some people take a mortgage on their house to take a trip. A family who took an international trip did not have return tickets home. The bill is

intended to help consumers and not to burden consumers. DOL is currently working on three cases where the consumers' money was placed into personal accounts because travel agents did not hold it for the five-day period and the travel agent spent the money. In these cases, there is no recourse for the victims.

Persons Testifying: PRO: Representative Kirby, prime sponsor.

CON: Dan Smith, Travel By Dan, ASTA Board, National Assn. of Career Travel Agents Board, WA State National Assn. of Career Travel Agents Board; Mary Jo Strom Copland, The Travel Company; Anna Johnson, Scan East West Travel; Marti Anderson, Anderson Travel.

OTHER: Susan Colard, DOL.