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**SUBSTITUTE HOUSE BILL 2707**

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**State of Washington**

**60th Legislature**

**2008 Regular Session**

**By** House Commerce & Labor (originally sponsored by Representatives Hurst, Conway, and Kirby)

READ FIRST TIME 02/05/08.

1       AN ACT Relating to allowing consumers to participate in the  
2 secondary market for points, miles, or other similar credits earned in  
3 frequent flier programs; creating a new section; and providing an  
4 expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       NEW SECTION. **Sec. 1.** (1)(a) The airline practices and consumer  
7 rights work group is established to evaluate legal and policy issues  
8 related to allowing consumers to participate in the secondary market,  
9 with twelve members as provided in this subsection.

10       (i) The president of the senate shall appoint one member from each  
11 of the two largest caucuses of the senate.

12       (ii) The speaker of the house of representatives shall appoint one  
13 member from each of the two largest caucuses of the house of  
14 representatives.

15       (iii) The attorney general shall appoint six members, two of whom  
16 represent the airline industry and two of whom represent consumers.

17       (iv) The president of the senate and the speaker of the house of  
18 representatives shall jointly appoint two members representing  
19 consumers.

1 (b) The work group shall choose two cochairs from among its  
2 membership, one cochair shall be a legislator and the other an  
3 appointee of the attorney general. The attorney general, or his or her  
4 designee, shall convene the initial meeting of the work group by April  
5 18, 2008. The work group shall meet a minimum of four times, and at  
6 least two of the meetings shall include public testimony.

7 (2) In order to evaluate issues related to allowing consumers to  
8 participate in the secondary market, the work group shall review,  
9 study, evaluate, and make recommendations on at least the following  
10 issues:

11 (a) The history and current state of frequent flier programs, from  
12 the original customer loyalty programs to the creation and evolution of  
13 the secondary market, which is the sale, barter, or exchange of points,  
14 miles, or other similar credits that occurs between an airline and  
15 someone other than a frequent flier program member or between a  
16 frequent flier program member and someone other than the airline  
17 sponsoring the frequent flier program;

18 (b) The amount of miles, points, or similar credits that have been  
19 awarded to and redeemed by consumers;

20 (c) The current inventory of miles, points, or similar credits and  
21 how the airlines plan to address this inventory;

22 (d) Consumer complaints and concerns related to the current state  
23 of these programs;

24 (e) Legal and policy implications of state action to address these  
25 issues including, but not limited to, contract law obligations of the  
26 airlines, federal preemption, and the applicability of the consumer  
27 protection act; and

28 (f) Whether state action is warranted, and if it is what state  
29 action would be appropriate.

30 (3) Staff support for the work group shall be provided by the  
31 office of the attorney general.

32 (4) Legislative members of the work group must be reimbursed for  
33 travel expenses in accordance with RCW 44.04.120.

34 (5) By November 15, 2008, the airline practices and consumer rights  
35 work group shall report its findings and recommendations to the  
36 appropriate committees of the senate and house of representatives and

1 to the attorney general.

2 (6) This section expires June 30, 2009.

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