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HOUSE BILL 2707

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Hurst, Conway, and Kirby

Read first time 01/16/08. Referred to Committee on Commerce & Labor.

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; and adding a new chapter to Title 19 RCW.

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

5            NEW SECTION.    **Sec. 1.** The legislature finds that:

6            (1) In recent years, frequent flier programs have become a popular  
7 marketing tool used not only to attract airline customers and generate  
8 customer loyalty, but also to generate significant revenue for  
9 airlines;

10           (2) As frequent flier programs have grown in popularity, a  
11 secondary market for points, miles, or other similar credits earned by  
12 participating in frequent flier programs has also grown;

13           (3) This secondary market for points, miles, or other similar  
14 credits is independent from original frequent flier loyalty programs  
15 and is not related to airline rates, routes, and services;

16           (4) Airlines have contributed to the growth of this secondary  
17 market by creating a business out of selling points, miles, or other  
18 similar credits to outside companies, such as credit card companies,

1 that in turn use the points, miles, or other similar credits to attract  
2 their own customers;

3 (5) As the secondary market for points, miles, or other similar  
4 credits has grown, however, airlines have increasingly attempted to  
5 unreasonably restrict, restrain, limit, or control the secondary market  
6 by prohibiting frequent flier program members from also participating  
7 in the secondary market;

8 (6) When unreasonable restrictions, restraints, limitations, or  
9 controls are placed on the secondary market for points, miles, or other  
10 similar credits, consumers in the state of Washington who participate  
11 in frequent flier programs are harmed; and

12 (7) Regulation of the secondary market for points, miles, or other  
13 similar credits earned through participation in frequent flier programs  
14 is necessary to ensure that consumers in the state of Washington can  
15 freely participate in the secondary market.

16 NEW SECTION. **Sec. 2.** The definitions in this section apply  
17 throughout this chapter unless the context clearly requires otherwise.

18 (1) "Frequent flier program" means a program in which a consumer  
19 receives points, miles, or other similar credits in exchange for travel  
20 on a certain airline.

21 (2) "Secondary market" means the market in which the sale, barter,  
22 or exchange of points, miles, or other similar credits occurs between  
23 an airline and someone other than a frequent flier program member or  
24 between a frequent flier program member and someone other than the  
25 airline sponsoring the frequent flier program.

26 NEW SECTION. **Sec. 3.** It is unlawful for an airline that  
27 participates in the secondary market to interfere, restrict, restrain,  
28 limit, or control the right of consumers in the state of Washington to  
29 also participate in the secondary market.

30 NEW SECTION. **Sec. 4.** The legislature finds that the practices  
31 covered by this chapter are matters vitally affecting the public  
32 interest for the purpose of applying the consumer protection act,  
33 chapter 19.86 RCW. A violation of this chapter is not reasonable in  
34 relation to the development and preservation of business and is an

1 unfair or deceptive act in trade or commerce and an unfair method of  
2 competition for the purpose of applying the consumer protection act,  
3 chapter 19.86 RCW.

4 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act constitute  
5 a new chapter in Title 19 RCW.

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