

SENATE BILL REPORT

SB 5717

As of February 7, 1995

Title: An act relating to clarifying sellers of travel registration requirements including the establishment of a registered sellers of travel recovery account.

Brief Description: Clarifying sellers of travel registration requirements.

Sponsors: Senators Pelz, Rinehart, Prentice, Fraser, Wojahn and Franklin.

Brief History:

Committee Activity: Labor, Commerce & Trade: 2/9/95.

SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

Staff: Traci Ratzliff (786-7452)

Background: In 1994, the Legislature required sellers of travel, including travel agencies and others who arrange travel services for consumers, to be registered with the Department of Licensing as of January 1, 1996. Registered sellers of travel are also required to abide by certain business practices related to the handling of customer funds, customer disclosures, and advertising of products.

The Legislature considered other versions of the bill that would have included either a bonding requirement for sellers of travel or a formal study by the Department of Licensing of other means to provide financial protection for consumers. The Governor directed the Department of Licensing to study the alternatives of a bonding requirement or cost recovery account to protect consumers, and provide a report to the Governor and Legislature prior to the start of the 1995 session. The Department of Licensing completed this review and issued its report, which identifies the cost recovery account as the least costly alternative for providing financial protection to travel consumers.

Summary of Bill: Several modifications are made to the sellers of travel act. A sellers of travel recovery account is established.

Miscellaneous provisions. Separate offices or business locations licensed separately by the state must also obtain a separate sellers of travel registration number.

A seller of travel is not required to include the registration number on advertising that does not include prices, locations, or dates for travel services.

Language is added to clarify the definitions of independent contractor and outside agents working for sellers of travel.

The biannual renewal period for registered sellers of travel is changed to an annual renewal period.

Language is added to specify the percentage of funds that a seller of travel may remove from a customer's trust account prior to the point that the customer's travel services are paid in full.

Establishment of sellers of travel recovery account. The registered sellers of travel recovery account is established. Persons aggrieved by the illegal actions of a registered seller of travel may recover up to \$3,000 per person from this fund. The procedure for obtaining restitution from the recovery account are outlined.

The recovery account is liable for up to \$3,000 per person for each purchase of travel services, or an aggregated amount of \$200,000 per registered seller of travel.

Each seller of travel applying for an original registration with the Department of Licensing must pay a fee of not more than \$200 for deposit into the recovery account. A registered seller of travel may be assessed up to an additional \$200 per year at the time of renewal, if the recovery account balance drops below \$200,000.

If a payment is made from the recovery account on behalf of a registered seller of travel, the registration of the seller of travel is immediately revoked, and is not reinstated until the recovery account is repaid in full, plus interest.

Appropriation: None.

Fiscal Note: Requested on February 3, 1995.

Effective Date: The bill takes effect on January 1, 1996.