

SENATE BILL REPORT

SSB 5219

As Passed Senate, March 9, 2001

Title: An act relating to sellers of travel-related benefits.

Brief Description: Modifying contracts for the sale of travel-related benefits.

Sponsors: Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Eide, Prentice, Swecker, Rasmussen and Hochstatter).

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 1/30/01, 2/1/01 [DPS].
Passed Senate: 3/9/01, 48-0.

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5219 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Benton, Deccio, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

Staff: Elizabeth Mitchell (786-7430)

Background: Current law defines a seller of travel— as a person or firm transacting business with Washington consumers for travel services— such as transportation and lodging. Sellers of travel are required to register with the Department of Licensing.

A travel club is an organization that charges high initial membership dues to consumers in exchange for future unspecified travel services. The term travel club— is not defined by current law.

There is concern that current law may be interpreted to include the sale of travel services,— but not the sale of future unspecified travel services in the definition of seller of travel.— Further, there is concern that consumers may not have adequate protection against potential financial losses that may be incurred as a result of travel club membership.

Summary of Bill: The term seller of travel— is redefined to include a person or firm selling either travel services— or travel-related benefits— to Washington consumers. The term travel-related benefits—is defined as travel services not specifically identified at the time of the sale.

The sale of travel club memberships is specifically included in the definition of travel-related benefits.— Travel clubs are defined as sellers of travel whose initial membership dues are at least twice the amount of annual membership dues.

A person or firm selling either travel services– or travel-related benefits– is required to register with the department.

A contract for the sale of travel-related benefits, including travel club contracts, may be cancelled by the purchaser if the purchaser sends notice of the cancellation to the seller by certified mail, return receipt requested. Notice must be postmarked no later than midnight of the seventh day following the day on which either (1) the contract is signed; or (2) a membership card and all membership materials are received by the purchaser; whichever is later. Within seven calendar days following the purchaser's notice of cancellation, the seller must refund any money paid by the purchaser, with the exception of payments made for specific travel services.

Contracts for the sale of travel-related benefits must include a statement informing the consumer of their seven-day cancellation rights. Specific language for this contract is provided in the bill.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill clarifies language about travel clubs. The activities of travel clubs hurt travel agencies. Consumers should have one week to cancel a travel club contract.

Testimony Against: None.

Testified: Senator Tracy Eide, prime sponsor; Sally Gustafson, Office of the Attorney General, Consumer Protection Division; Jean Larson, "Let's Go" Travel.