
By: Senator Della

Introduced and read first time: January 25, 1996

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Travel Agencies - Regulation**

3 FOR the purpose of requiring certain travel agencies to register and pay a registration fee
4 to the Department of Labor, Licensing, and Regulation; requiring the Department
5 to maintain certain records, develop certain forms, and establish a consumer hot
6 line; providing for a consumer information pamphlet; requiring travel agents to
7 purchase surety bonds for certain liabilities created; providing a penalty for
8 noncompliance; defining certain terms; and generally relating to the regulation of
9 travel agencies.

10 BY adding to

11 Article - Business Regulation
12 Section 19-101 through 19-106, inclusive, to be under the new title "Title 19. Travel
13 Agencies"
14 Annotated Code of Maryland
15 (1992 Volume and 1995 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Business Regulation**

19 TITLE 19. TRAVEL AGENCIES.

20 19-101.

21 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

22 (B) "TRAVEL" MEANS ANY MEDIUM OF TRANSPORTATION, HOTEL OR OTHER
23 LODGING ACCOMMODATIONS, OR VACATION PACKAGES AND TOURS.

24 (C) "TRAVEL AGENCY" MEANS A PERSON WHO ARRANGES, BOOKS, OR
25 ORGANIZES TRAVEL FOR A FEE, COMMISSION, OR OTHER VALUABLE
26 CONSIDERATION.

27 (D) "TRAVEL AGENT" MEANS AN INDIVIDUAL WHO IS EMPLOYED BY A
28 TRAVEL AGENCY TO ARRANGE, BOOK, OR ORGANIZE TRAVEL.

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1 19-102.

2 (A) A TRAVEL AGENCY DOING BUSINESS IN THE STATE SHALL REGISTER
3 WITH THE DEPARTMENT AS A TRAVEL AGENCY IF IT OR ITS TRAVEL AGENTS:

4 (1) CONDUCT BUSINESS WITH A STATE RESIDENT; OR

5 (2) SOLICIT THE BUSINESS OF STATE RESIDENTS.

6 (B) IN ORDER TO REGISTER, A TRAVEL AGENCY SHALL:

7 (1) COMPLETE THE REGISTRATION FORM SPECIFIED IN SUBSECTION (D)
8 OF THIS SECTION; AND

9 (2) PAY THE REGISTRATION FEE SPECIFIED IN SUBSECTION (C) OF THIS
10 SECTION.

11 (C) THE DEPARTMENT SHALL SET A REGISTRATION FEE THAT IS BASED ON
12 THE COST TO THE DEPARTMENT OF ADMINISTERING THE PROVISIONS OF THIS
13 TITLE.

14 (D) THE DEPARTMENT SHALL DEVELOP A REGISTRATION FORM THAT
15 ELICITS THE FOLLOWING INFORMATION:

16 (1) THE NAME OF THE TRAVEL AGENCY AND THE ADDRESS OF EACH
17 OFFICE OR LOCATION WHERE THE TRAVEL AGENCY CONDUCTS ITS BUSINESS;

18 (2) IF THE TRAVEL AGENCY IS INCORPORATED, THE STATE OF ITS
19 INCORPORATION;

20 (3) THE NAMES AND ADDRESSES OF THE TRAVEL AGENCY'S PRINCIPAL
21 OFFICERS, PARTNERS, OR OWNERS;

22 (4) THE NAME OF EACH TRAVEL AGENT EMPLOYED BY THE TRAVEL
23 AGENCY;

24 (5) A STATEMENT OF THE TRAVEL AGENCY'S ASSETS AND LIABILITIES
25 FOR ITS LAST FISCAL YEAR;

26 (6) A LISTING OF:

27 (I) ANY PROFESSIONAL ASSOCIATIONS OF WHICH THE TRAVEL
28 AGENCY IS A MEMBER;

29 (II) ANY PROFESSIONAL TRAINING THAT THE TRAVEL AGENCY
30 AND ITS AGENTS HAVE RECEIVED; AND

31 (III) ANY ACCREDITATION THAT THE AGENCY HAS RECEIVED
32 FROM A PROFESSIONAL ORGANIZATION; AND

33 (7) ANY OTHER INFORMATION THE DEPARTMENT CONSIDERS
34 NECESSARY AND USEFUL.

35 (E) REGISTRATIONS MUST BE COMPLETED AND RECEIVED BY THE
36 DEPARTMENT ON OR BEFORE NOVEMBER 1 OF EACH YEAR.

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1 19-103.

2 (A) ON RECEIPT OF THE REGISTRATION FEE AND A COMPLETED
3 REGISTRATION FORM, THE DEPARTMENT SHALL PROVIDE THE TRAVEL AGENCY
4 WITH:

5 (1) A REGISTRATION NUMBER;

6 (2) A CERTIFICATE OF REGISTRATION STATING WHEN THE
7 REGISTRATION EXPIRES; AND

8 (3) INFORMATION ON HOW TO REMAIN IN COMPLIANCE WITH THIS
9 TITLE.

10 (B) THE DEPARTMENT SHALL MAINTAIN ALL REGISTRATION INFORMATION
11 AND ANY OTHER INFORMATION OBTAINED ABOUT A TRAVEL AGENCY AND SHALL
12 MAKE THAT INFORMATION AVAILABLE TO CONSUMERS.

13 (C) THE DEPARTMENT SHALL ESTABLISH A "CONSUMER HOT LINE" FOR THE
14 PURPOSES OF:

15 (1) PROVIDING INFORMATION TO CONSUMERS CONCERNING
16 REGISTERED TRAVEL AGENCIES; AND

17 (2) RECEIVING COMPLAINTS AND GRIEVANCES CONCERNING TRAVEL
18 AGENCIES.

19 (D) (1) THE DEPARTMENT, IN CONJUNCTION WITH THE DIVISION OF
20 CONSUMER PROTECTION IN THE OFFICE OF THE ATTORNEY GENERAL, SHALL
21 DEVELOP A CONSUMER INFORMATION PAMPHLET THAT INFORMS CONSUMERS OF:

22 (I) THE CONSUMER HOT LINE;

23 (II) THE RIGHTS OF CLIENTS OF TRAVEL AGENCIES; AND

24 (III) ANY OTHER INFORMATION CONSIDERED NECESSARY AND
25 USEFUL TO CONSUMERS.

26 (2) ANY INFORMATION RECEIVED BY THE DEPARTMENT IN THE
27 COURSE OF ADMINISTERING THE REGISTRATION PROGRAM UNDER THIS TITLE
28 SHALL BE MADE AVAILABLE TO THE PUBLIC SUBJECT TO THE PROVISIONS OF THE
29 MARYLAND PUBLIC INFORMATION ACT.

30 19-104.

31 (A) (1) (I) SUBJECT TO THE PROVISIONS OF PARAGRAPH (3) OF THIS
32 SUBSECTION, A TRAVEL AGENCY SHALL PURCHASE A SURETY BOND IN AN AMOUNT
33 NOT LESS THAN THE AGGREGATE VALUE OF OUTSTANDING LIABILITIES TO
34 CLIENTS. FOR THE PURPOSES OF THIS SECTION, "LIABILITIES" MEANS ANY MONEY
35 OR THING OF VALUE EXPENDED BY THE CLIENT FOR TRAVEL ARRANGED BY THE
36 TRAVEL AGENCY.

37 (II) THE AMOUNT OF THE BOND SHALL BE BASED UPON A REPORT
38 PREPARED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT DESCRIBING THE

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1 TRAVEL AGENCY'S OUTSTANDING LIABILITIES TO CLIENTS USING ACCEPTED
2 STANDARD ACCOUNTING PRINCIPLES.

3 (III) THE REPORT SHALL BE SUBMITTED AT THE TIME OF INITIAL
4 REGISTRATION AND UPDATED AT EACH RENEWAL UNDER § 19-102(E) OF THIS TITLE.

5 (2) (I) THE AMOUNT OF THE BOND SHALL BE INCREASED, OR MAY BE
6 DECREASED, AS NECESSARY TO TAKE INTO ACCOUNT CHANGES IN THE TRAVEL
7 AGENCY'S OUTSTANDING LIABILITIES TO CLIENTS IN THE FOLLOWING CASES,
8 WHICHEVER COMES FIRST:

9 1. WHEN THE TRAVEL AGENCY'S OUTSTANDING
10 LIABILITIES TO MEMBERS INCREASE OR DECREASE BY \$10,000; OR

11 2. ON A QUARTERLY BASIS.

12 (II) IF A TRAVEL AGENCY'S OUTSTANDING LIABILITIES TO THE
13 CLIENTS EXCEED THE AMOUNT OF THE BOND, AND THE TRAVEL AGENCY HAS
14 FAILED TO INCREASE THE BOND, THEN THE REGISTRANT SHALL IMMEDIATELY
15 STOP SELLING TRAVEL SERVICES UNTIL THE REQUIREMENTS OF THIS SUBSECTION
16 HAVE BEEN SATISFIED.

17 (3) AN IRREVOCABLE LETTER OF CREDIT IN A FORM ACCEPTABLE TO
18 THE DEPARTMENT, OR CASH, MAY BE FILED WITH THE DEPARTMENT INSTEAD OF A
19 SURETY BOND.

20 (B) (1) A CLIENT OF A TRAVEL AGENCY WHO EXPENDS MONEY OR A THING
21 OF VALUE FOR TRAVEL ARRANGED BY THE TRAVEL AGENCY AND SUFFERS OR
22 SUSTAINS ANY LOSS OR DAMAGE BY REASON OF THE TRAVEL SERVICES ARRANGED
23 BY THE TRAVEL AGENCY BEING UNAVAILABLE DUE TO THE BANKRUPTCY OR
24 CLOSING OF THE TRAVEL PROVIDER OR TRAVEL AGENCY SHALL FILE A CLAIM
25 WITH THE SURETY AND, IF THE CLAIM IS NOT PAID, MAY BRING AN ACTION BASED
26 ON THE BOND AND RECOVER AGAINST THE SURETY. IN THE CASE OF A LETTER OF
27 CREDIT OR CASH DEPOSIT THAT HAS BEEN FILED WITH THE DEPARTMENT, THE
28 BUYER MAY FILE A CLAIM WITH THE DEPARTMENT.

29 (2) ANY CLAIM UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE
30 FILED NO LATER THAN 1 YEAR FROM THE DATE ON WHICH THE CLIENT SUSTAINED
31 THE LOSS OR DAMAGE. THE DEPARTMENT SHALL NOTIFY EACH KNOWN CLIENT
32 DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION ABOUT THE PROCEDURE FOR
33 FILING A CLAIM, UNLESS THE TRAVEL AGENCY HAS PROVIDED SUFFICIENT NOTICE
34 TO EACH KNOWN CLIENT.

35 (3) THE DEPARTMENT MAY FILE A CLAIM WITH THE SURETY ON
36 BEHALF OF ANY CLIENT IN PARAGRAPH (1) OF THIS SUBSECTION. THE SURETY
37 SHALL PAY THE AMOUNT OF THE CLAIMS TO THE DEPARTMENT FOR DISTRIBUTION
38 TO CLAIMANTS ENTITLED TO RESTITUTION AND SHALL BE RELIEVED OF LIABILITY
39 TO THAT EXTENT.

40 (4) THE LIABILITY OF THE SURETY UNDER ANY BOND MAY NOT
41 EXCEED THE AGGREGATE AMOUNT OF THE BOND, REGARDLESS OF THE NUMBER
42 OR AMOUNT OF CLAIMS FILED.

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1 (5) IF THE CLAIMS FILED SHOULD EXCEED THE AMOUNT OF THE BOND,
2 THE SURETY SHALL PAY THE AMOUNT OF THE BOND TO THE DEPARTMENT FOR
3 DISTRIBUTION TO CLAIMANTS ENTITLED TO RESTITUTION AND SHALL BE
4 RELIEVED OF ALL LIABILITY UNDER THE BOND.

5 (6) THE DEPARTMENT MAY OBTAIN REIMBURSEMENT FOR POSTAGE
6 AND OTHER REASONABLE NONSALARY EXPENSES INCURRED IN NOTIFYING
7 BUYERS AND DISTRIBUTING CLAIMS BY:

8 (I) FILING A PRIORITY CLAIM FOR THE EXPENSES AGAINST THE
9 SURETY BOND POSTED BY THE TRAVEL AGENCY; OR

10 (II) APPLYING TO THE EXPENSES ON A PRIORITY BASIS THE
11 PROCEEDS OF THE LETTER OF CREDIT OR CASH DEPOSIT POSTED BY THE TRAVEL
12 AGENCY WITH THE DEPARTMENT.

13 (C) (1) ANY TRAVEL AGENCY BONDED UNDER THIS SECTION SHALL
14 MAINTAIN ACCURATE RECORDS OF THE BOND AND OF PREMIUM PAYMENTS ON IT.
15 THESE RECORDS SHALL BE OPEN TO INSPECTION BY THE DEPARTMENT AT ANY
16 TIME DURING NORMAL BUSINESS HOURS.

17 (2) EACH TRAVEL AGENCY SHALL MAINTAIN ACCURATE RECORDS,
18 UPDATED AS NECESSARY, OF THE NAME, ADDRESS, PURCHASES, AND PAYMENTS OF
19 EACH CLIENT OF THE TRAVEL AGENCY. THESE RECORDS SHALL BE OPEN TO
20 INSPECTION BY THE DEPARTMENT, UPON REASONABLE NOTICE, AT ANY TIME
21 DURING NORMAL BUSINESS HOURS.

22 (3) IN ADDITION TO ANY REMEDIES OTHERWISE AVAILABLE, THE
23 DEPARTMENT, AFTER NOTICE AND A SHOW CAUSE HEARING, MAY REVOKE THE
24 REGISTRATION OF ANY PERSON WHO FAILS TO MAINTAIN OR PRODUCE THE
25 RECORDS DESCRIBED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION.

26 19-105.

27 (A) EACH TRAVEL AGENCY SHALL PROMINENTLY DISPLAY IN ITS PLACE OF
28 BUSINESS ITS CERTIFICATE OF REGISTRATION AND THE PHONE NUMBER OF THE
29 CONSUMER HOT LINE.

30 (B) EACH TRAVEL AGENCY SHALL PROVIDE TO EACH OF ITS CLIENTS THE
31 CONSUMER INFORMATION PAMPHLET.

32 19-106.

33 A TRAVEL AGENCY THAT VIOLATES THIS TITLE IS GUILTY OF A MISDEMEANOR
34 AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 1996.