

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 58 (Delegate Patterson)
Economic Matters

Travel Agencies - Regulation

This bill requires a travel agency doing business in the State to register with the Department of Labor, Licensing, and Regulation. The bill directs the department to maintain certain records, develop a consumer information pamphlet, and establish a consumer hot line. An agency that violates a requirement of the bill is guilty of a misdemeanor and can be fined up to \$5,000.

Fiscal Summary

State Effect: General fund revenues could increase by \$40,000 in FY 1997. General fund expenditures could increase by \$51,300 in FY 1997. Future year projections reflect anticipated growth in the industry and annual recurring costs adjusted by inflation.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$40,000	\$41,200	\$42,400	\$43,700	\$45,000
GF Expenditures	51,300	38,000	39,400	40,800	42,300
Net Effect	(\$11,300)	\$3,200	\$3,000	\$2,900	\$2,700

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Fiscal Analysis

State Revenues: According to the American Society of Travel Agents, approximately 400 travel agencies operate in the State. The bill provides that these travel agencies must register with the Department of Labor, Licensing, and Regulation (DLLR) on an annual basis and pay a registration fee not to exceed \$100. If the registration fee is set at \$100, general fund revenues would increase by \$40,000 in fiscal 1997. Future year revenue projections reflect a

3% growth in the number of travel agencies operating in the State.

In addition, general fund revenues could increase by a minimal amount due to the bill's penalty provision.

State Expenditures: DLLR's Division of Occupational and Professional Licensing would need an additional Secretary position to register travel agencies and operate the consumer hot line. As a result, general fund expenditures would increase by an estimated \$51,317 in fiscal 1997, which includes salaries of \$16,835, fringe benefits, one-time start-up costs, and ongoing operating expenses. This figure reflects the bill's October 1, 1996 effective date. The information and assumptions used in calculating this estimate are stated below:

- Approximately 500,000 consumer information pamphlets would be printed and distributed in fiscal 1997; and
- Approximately 250,000 consumer information pamphlets would be printed and distributed annually thereafter.

Salaries and Fringe Benefits	\$18,544
Operating Expenses	5,348
Printing Expense	12,250
One-Time, Start-Up Costs	<u>15,175</u>
Total FY 1997 State Expenditures	\$51,317

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; (2) 2% annual increases in ongoing operating expenses; and (3) printing and distribution costs for 250,000 pamphlets.

Information Source(s): Department of Labor, Licensing, and Regulation

Fiscal Note History: First Reader - January 22, 1996

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