

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1106
Economic Matters

Finance

Business Regulation - Travel Services - Special Fund, Fees, and Surety Requirement (Don't You Worry (Wurie) Act)

This bill requires specified sellers of travel services and independent agents to annually file with the Maryland Department of Labor (MD Labor) proof of professional liability and errors and omissions insurance in the amount of at least \$1,000,000. MD Labor must (1) provide reasonable notice of the requirements of the bill to consumers and sellers of travel; (2) enforce the bill's requirements; and (3) adopt regulations to carry out the bill, including regulations establishing requirements and procedures for the registration of sellers of travel and providing for the enforcement of the bill. The bill also establishes the Sellers of Travel Registration Fund, administered by MD Labor, to receive fee revenue and cover MD Labor's administrative costs.

Fiscal Summary

State Effect: Special fund revenues increase by at least \$99,000 annually beginning in FY 2026 due to filing fees. Special and general fund expenditures increase by \$102,700 in FY 2026 for staffing and one-time start-up costs (with \$3,700 covered by general funds due to a shortfall in fee revenue that year). Future years reflect only special funds being used, annualization, inflation, and ongoing operating costs. General fund revenues increase minimally from interest earnings of the new special fund.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	-	-	-	-	-
SF Revenue	\$99,000	\$111,400	\$111,400	\$111,400	\$111,400
GF Expenditure	\$3,700	\$0	\$0	\$0	\$0
SF Expenditure	\$99,000	\$91,800	\$95,800	\$100,100	\$104,400
Net Effect	(\$3,700)	\$19,600	\$15,500	\$11,200	\$7,000

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Definitions

“Independent agent” means a person that offers or undertakes to arrange for (or provide) specified travel services but does not (1) receive money or other valuable consideration directly from the purchaser for the sale of travel services or from the ultimate travel supplier; (2) possess at any time any unissued ticket stock or travel document; or (3) have the ability to issue tickets, vacation certificates, or any other travel documents.

“Seller of travel” means a person that (1) is located in the State or offers to sell travel services to a person located in the State; (2) offers or undertakes to arrange or provide travel reservations (or accommodations), tickets for travel by any mode of transportation, hotel or motel accommodations, car rentals, or sightseeing tours; and (3) receives valuable consideration directly from the purchaser for the sale of travel services or from the ultimate travel supplier. However, “seller of travel” does not include specified entities (e.g., an air carrier, an ocean carrier, certain hotels and motels, etc.).

Sellers of Travel Registration Fund

The Sellers of Travel Registration Fund is a special, nonlapsing fund that is not subject to reversion requirements under § 7-302 of the State Finance and Procurement Article. MD Labor must pay all fees collected under the bill to the Comptroller’s Office, which must distribute the fees to the fund. The fund must be used to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of MD Labor under the bill. The Legislative Auditor must audit the fund, as specified. Any investment earnings of the fund must be credited to the general fund.

MD Labor must annually calculate the direct and indirect costs attributable to the regulation of sellers of travel services and establish fees based on the calculations. Each fee established may not be increased annually by more than 12.5%, as specified. The initial filing fee is set at \$300.

Evidence of Financial Security

Each seller of travel or independent agent must annually file with MD Labor proof of professional liability and errors and omissions insurance in the amount of at least \$1,000,000. In addition, each seller of travel must file annually with MD Labor a list of affiliated independent agents. A person may not receive valuable consideration in payment for services offered for sale by a seller of travel or an independent agent unless, at the time

of receiving the payment, the annual filing requirements have been met (including payment of the filing fee).

Current Law: Travel agents are not subject to licensure or regulation under Maryland law.

State Fiscal Effect:

Enforcement Costs

As the bill requires MD Labor to collect filing fees and confirm proof of professional liability and errors and omissions insurance, MD Labor requires additional staff. Therefore, special (and some general) fund expenditures increase by \$102,712 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring one executive director to establish a new office of travel services within MD Labor. It includes a salary, fringe benefits, one-time start-up costs (including information technology (IT costs), and ongoing operating expenses. The need for additional staff beyond the executive director (*e.g.*, for enforcement) is dependent on regulations adopted by MD Labor pursuant to the bill's authorization; any such impact would be due to the regulations, rather than the bill.

Position	1.0
Salary and Fringe Benefits	\$70,343
IT Costs	25,000
Operating Expenses	<u>7,369</u>
Total FY 2026 State Expenditures	\$102,712

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Fee Revenues

MD Labor estimates approximately 330 individuals/entities are subject to the initial \$300 filing fee requirement established by the bill, which generates special fund revenues of at least \$99,000 annually under the bill. As this falls short of the amount necessary to implement the bill in fiscal 2026, it is assumed that general funds (totaling \$3,712) are needed that year to cover the funding gap. Because the bill does not authorize general funds to be paid to the special fund, this analysis assumes that they are not.

For fiscal 2027, this analysis assumes no new providers of travel services and that MD Labor increases the filing fee by 12.5%, as authorized by the bill, which is sufficient to cover implementation costs (*i.e.*, without further general fund support), as shown in

Exhibit 1 and allows the fund to begin to build a small balance. Beginning in fiscal 2028, assuming no new providers and no additional annual fee increases, fee revenues are sufficient to cover anticipated ongoing implementation costs for a few years.

Exhibit 1
Sellers of Travel Registration Fund Finances
Fiscal 2026-2030

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Starting Fund Balance	\$0	\$0	\$19,613	\$35,141	\$46,385
Fee Revenues	99,000	111,375	111,375	111,375	111,375
Enforcement Costs	102,712	91,762	95,847	100,131	104,390
General Funds	3,712	0	0	0	0
Fund Balance	\$0	\$19,613	\$35,141	\$46,385	\$53,370

Note: Assumes fee increase of 12.5% in fiscal 2027 and no increases in subsequent years.

Source: Department of Legislative Services

MD Labor also advises that other costs may be incurred due to the bill's requirements – including ongoing legal expenses. The Department of Legislative Services notes that any additional contractual costs – particularly those related to legal expenses – are likely unnecessary, given the bill provides no explicit enforcement authority. Nevertheless, to the extent additional costs are incurred, MD Labor can annually increase the filing fee (or other authorized fees) beyond the rate assumed in Exhibit 1 beginning in fiscal 2028 as needed. However, should the bill's fee cap prevent MD Labor from collecting sufficient fee revenue to cover any such costs, additional general funds may be needed to bridge any gaps again. This additional funding can be requested through the annual budget process.

Small Business Effect: Small businesses travel agents are meaningfully affected by the bill, which requires proof of professional liability and errors and omissions insurance to be filed with MD Labor on an ongoing basis. They must also pay annual filing fees of at least \$300.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 922 (Senator Gile) - Finance.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Maryland Department of Labor; Department of Legislative Services

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