

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1106 (Delegate Boafu)
 Economic Matters

Business Regulation - Travel Services - 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) evidence of financial security. The Consumer Protection Division of the Office of the Attorney General and MD Labor must (1) provide reasonable notice of the requirements of the bill to consumers and sellers of travel and (2) enforce the bill’s requirements. The bill also establishes penalty provisions for noncompliance.

Fiscal Summary

State Effect: General fund revenues increase by approximately \$99,000 annually beginning in FY 2026 due to filing fees. General fund expenditures increase by approximately \$115,200 in FY 2026 for staffing. Future years reflect annualization, inflation, and ongoing operating costs. The bill’s penalty provisions likely have no material effect on State revenues.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000
GF Expenditure	\$115,200	\$132,200	\$138,100	\$144,400	\$150,500
Net Effect	(\$16,200)	(\$33,200)	(\$39,100)	(\$45,400)	(\$51,500)

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.).

Evidence of Financial Security

Each seller of travel or independent agent must annually file evidence of financial security with MD Labor. In addition, each seller of travel must file annually with MD Labor a list of affiliated independent agents. The annual filing fee is \$300. 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. If there is a material change in the financial security of a seller of travel or an independent agent during the period between annual filings, an addendum must be filed with MD Labor.

Required Amounts of Financial Security

Generally, evidence of the financial security must be a surety or cash performance bond relative to the annual gross income of the seller of travel or independent agent in the State, as shown in **Exhibit 1**. Any surety bond must conform with the Insurance Article and be executed by a surety company authorized to do business in the State.

Exhibit 1
Surety Bond Requirements
for Sellers of Travel or Independent Agents under the Bill

<u>Annual Gross Income</u>	<u>Required Principal Amount of Surety Bond</u>
Less than \$200,000	\$10,000
\$200,000 to \$499,999	20,000
\$500,000 to \$749,999	30,000
\$750,000 to \$999,999	40,000
\$1,000,000 or more	50,000

Source: Department of Legislative Services

In lieu of the bond requirement noted above, a seller of travel or an independent agent may:

- obtain a certificate of deposit or an irrevocable letter of credit from a State banking institution in the amount of the performance bond;
- file proof of professional liability and errors and omissions insurance in the amount of \$1,000,000;
- deposit with MD Labor (1) cash in the amount of \$50,000; (2) securities with a value of at least \$50,000; or (3) a statement from a licensed financial institution guaranteeing the performance of the seller of travel or independent agent; or
- a security interest in property with a value of \$50,000.

The surety bond must be payable to the State, while the alternatives (*i.e.*, performance bond or other specified evidence of security) must be for the use and benefit of any person:

- who sustains a monetary loss as a result of the fraud, misrepresentation, breach of contract, financial failure, or violation of any provision of the bill by the seller of travel or independent agent; or
- for whom services have not been delivered by the wrongful act of (1) the seller of travel or independent agent acting in the course of business or (2) an official, agent, or employee of the seller of travel or independent agent, acting in the course of the official's, agent's, or employee's employment or agency.

Penalties

An individual who violates the bill’s requirements is guilty of a misdemeanor and, upon conviction, is subject to a maximum civil penalty of (1) \$10,000 for a first offense and (2) \$50,000 for a second or subsequent offense.

A business entity that violates the bill’s requirements is guilty of a misdemeanor and, upon conviction, is subject to a maximum civil penalty of (1) \$50,000 for a first offense and (2) \$100,000 for a second or subsequent offense.

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

State Revenues: MD Labor estimates approximately 330 individuals/entities are subject to the \$300 filing fee requirement established by the bill. Thus, general fund revenues are assumed to increase by approximately \$99,000 annually under the bill.

State Expenditures: As the bill requires MD Labor to collect filing fees, confirm the financial security of affected businesses, and enforce their compliance, MD Labor requires additional staff. General expenditures increase by \$115,159 in fiscal 2026, which accounts for the bill’s October 1, 2025 effective date. This estimate reflects the cost of hiring one executive director and one half-time investigator to establish a new office of travel services within MD Labor. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	1.5
Salaries and Fringe Benefits	\$100,835
Operating Expenses	<u>14,324</u>
Total FY 2026 State Expenditures	\$115,159

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

MD Labor also advises that other costs may be incurred due to the bill’s requirements – including ongoing legal expenses and other information technology costs. The Department of Legislative Services notes that any additional contractual costs – particularly those related to legal expenses – can likely only be determined with experience under the bill (*e.g.*, based on the number of violations). To the extent additional costs are incurred, MD Labor can request additional funding through the annual budget process.

Small Business Effect: Small businesses travel agents are meaningfully affected by the bill, which requires obtaining bonds or other evidence of financial security to be filed with MD Labor on an ongoing basis.

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

Fiscal Note History: First Reader - February 17, 2025
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