



**House  
Legislative  
Analysis  
Section**

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Ans'd .....

**REQ. TRAVEL AGENTS TO BE LICENSED**

**House Bills 4091 and 4092**

Sponsor: Rep. Burton Leland

First House Committee: Tourism, Fisheries, & Wildlife

Second House Committee: Consumers

Complete to 7-10-89

***A SUMMARY OF HOUSE BILLS 4091  
AND 4092 AS INTRODUCED 2-7-89***

House Bills 4091 and 4092 would provide for the regulation of travel agency businesses. The bills are tie-barred to each other.

House Bill 4091 would amend the Occupational Code to establish a licensing procedure for travel agents (referred to in the bill as sellers of travel). Under the bill, a person would be prohibited from engaging in the business of a travel agent unless the person applied for and obtained a license from the Department of Licensing and Regulation and was at least eighteen years old and of good moral character. Licenses would be issued to persons who had submitted the appropriate application, fees, and financial statements to the department. Financial statements would have to include personal information about the travel agent, members of a travel agency partnership, each shareholder with ten percent or more of the outstanding shares of a corporation engaged in the business of travel, officers and members of the board of directors of a corporation engaged in travel business, and persons operating any other type of legal entity engaged in the business of travel. Travel agents would be prohibited from advertising the availability of transportation or transportation related services unless they contracted for the services before advertising the availability. A travel agent would have to be licensed in order to seek court action for the collection of money or other consideration for the services related to the sale of transportation or related services. A licensee would have to file an irrevocable consent appointing the director of the department to receive service of process in any noncriminal proceeding for a violation of the bill or its rules or orders. The bill would specify that the act of doing business as a travel agent without a license would operate as such an appointment.

Travel Agent Board. The bill would create a travel agent board, made up of travel agents certified by a national organization or actively engaged in the travel business for at least two years. Members of the board would have to be licensed under the bill within three years.

Investigations. The bill would require the Department of Licensing and Regulation to investigate the financial responsibility and net worth of an applicant upon receiving an application for licensure. The circumstances of any business failure, receivership, or insolvency proceeding of the applicant or an employee of the applicant would also be investigated. Once a license had been issued, a licensee would be required to report within 30 days any changes in membership of a travel agency's partnership, a travel agency's board of directors, and officers of a travel agency's corporation. The department could investigate any changes reported in order to determine whether the licensee was in compliance with the bill.

Insurance. Travel agents would be required to file and maintain surety bonds written by a company recognized and approved by the insurance commissioner to do business in Michigan. The department would approve or disapprove the bonds in writing within 30 days after the date of submission. The surety bonds would have to include coverage for professional errors and omissions in an amount not less than \$1 million and coverage for business failure or insolvency in an amount not less than \$500,000. The surety on the bond could cancel the bond upon giving not less than 60 days' written notice to the department by certified or registered mail. The insurance requirements would not alter the standard for determining the legal liability of a travel agent nor would the requirements limit or impair any rights or defenses available under law.

License Renewal. The department could review a license for renewal for compliance with provisions currently under the act, payment of fees as prescribed under the act, and the filing of a financial statement containing information that was not less than 60 days old. Licenses would be automatically revoked upon the sale or transfer of the ownership interest of a travel agency's sole proprietorship.

Licenses for additional places of business. The bill would allow the department to issue a license for a licensee's additional place of business upon completion of certain measures, including: completion of an application form, payment of the license fee for branch offices currently designated under the act, and proof of surety bond coverage. Licenses could be amended by the department to permit the licensee to conduct the business at a new location or under a new name.

Exemptions. The bill would exempt the following entities from its provisions:

- Providers of transportation and their employees.
- Providers of transportation related services and their employees.
- Employees of travel agents licensed under the bill while the employee was engaged in the business of the employer.
- Religious, charitable, educational, or fraternal organizations exempt from taxation under sections of the Internal Revenue Code that regulate nonprofit organizations if the transportation or transportation related services were arranged by a travel agent licensed under the bill.

Duties of a travel agent. The bill would prohibit a travel agent from receiving money or other consideration from a person for transportation or related services until the agent furnished to the person a written statement clearly setting forth the following information:

- Personal information about the agent including the agent license number.

- The amount to be paid, the date deposit or payment was due, the purpose of the payment, and an itemized statement of any balance due.
- The name of the provider of transportation with which the agent contracted, the type of transportation, and the date, time and place of each departure on the itinerary.
- The names of the provider or providers of transportation related services which the person was purchasing and a description of those services.
- All conditions under which the contract between the travel agent and a person could be cancelled.
- All conditions under which the contract between the travel agent and the providers of transportation and related services could be cancelled.

MCL 339.2901

House Bill 4092 would amend the State License Fee Act to set the following fees for a person licensed or seeking licensure as a travel agent:

FEE	AMOUNT
Application processing	\$100
Investigation	50
License fee, per year	25
Branch office fee, per year	10
Change of name or address	10

MCL 338.2279