

# HOUSE BILL No. 6230

December 3, 1992, Introduced by Reps. Lipsey and Bennane  
and referred to the Committee on Consumers.

A bill to regulate the activities of travel promoters.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "travel promotion consumer protection act".

3       Sec. 3. As used in this act:

4       (a) "Advertise" means to make any representation in the  
5 solicitation of potential customers.

6       (b) "Customer" means a person who gives money or other con-  
7 sideration, or on whose behalf money or other consideration is  
8 given, to a travel promoter for transportation or transportation  
9 related services.

10       (c) "Person" means an individual, partnership, corporation,  
11 or other legal entity.

1 (d) "Ticket" means a writing, or combination of writings,  
2 the honoring of which is sufficient to obtain transportation or  
3 transportation related services.

4 (e) "Transportation" means the conveyance of individuals by  
5 air, sea, rail, motor vehicle, or by any other means on any for-  
6 eign or domestic carrier.

7 (f) "Transportation related services" means all services  
8 reasonably related to transportation including, but not limited  
9 to, car rentals, transfers, sightseeing tours, meals, and  
10 lodging.

11 (g) "Travel promoter" means a person doing business in this  
12 state that is primarily engaged in the sale of transportation or  
13 transportation related services and does 1 or more of the  
14 following:

15 (i) Solicits the purchase of transportation or transporta-  
16 tion related services.

17 (ii) Issues or delivers a ticket representing the sale of  
18 transportation or transportation related services.

19 (iii) Collects from a customer a payment, charge, deposit,  
20 or any other consideration for the sale of transportation or  
21 transportation related services.

22 Sec. 5. A travel promoter shall not advertise the avail-  
23 ability of transportation or transportation related services  
24 unless, before advertising the availability, the travel promoter  
25 has contracted for the transportation or transportation related  
26 services.

1       Sec. 7. (1) Before the receipt of money or other valuable  
2 consideration from a person for transportation or transportation  
3 related services, a travel promoter shall furnish to the person a  
4 written statement clearly and conspicuously setting forth not  
5 less than all of the following:

6       (a) The name, business address, and telephone number of the  
7 travel promoter.

8       (b) The amount to be paid, the date a deposit or payment is  
9 due, the purpose of the payment, and an itemized statement of any  
10 balance due.

11       (c) The location and account number of the escrow account,  
12 if the travel promoter is not exempt from the escrow requirement  
13 imposed under section 11.

14       (d) A copy of the certificate or certificates evidencing  
15 insurance coverage in the manner described in section 11(3), if  
16 the travel promoter is exempt from the escrow requirement imposed  
17 under section 11.

18       (e) The name of the provider of transportation with which  
19 the travel promoter has contracted, the type of transportation,  
20 and the date, time, and place of each departure on the  
21 itinerary.

22       (f) The names of the provider or providers of the transpor-  
23 tation related services which the person is purchasing and a  
24 description of those transportation related services.

25       (g) All conditions under which the contract between the  
26 travel promoter and the person may be canceled.

1 (h) All conditions under which the contract between the  
2 travel promoter and the providers of transportation or providers  
3 of transportation related services may be canceled.

4 (i) A statement printed in 8-point boldface type stating  
5 that, upon the cancellation of either the transportation or  
6 transportation related services through no action of the custom-  
7 er, any consideration paid to the travel promoter for transporta-  
8 tion or transportation related services not furnished to the cus-  
9 tomer according to the contract shall be refunded within 5 busi-  
10 ness days of the date of cancellation.

11 (2) The contract between the travel promoter and the cus-  
12 tomer shall not contain any provisions that conflict with or  
13 render void the requirements of this section or section 9.

14 Sec. 9. (1) Subject to subsection (3), a travel promoter  
15 shall refund any consideration paid for transportation or trans-  
16 portation related services canceled through no action of the cus-  
17 tomer and not provided to the customer. The refund shall occur  
18 not less than 5 business days from the date of cancellation.

19 (2) Subject to subsection (3), a customer may request can-  
20 cellation of a contract with a refund of any consideration paid,  
21 and a travel promoter shall cancel a contract and refund any con-  
22 sideration paid not less than 5 business days after the request,  
23 under 1 or more of the following circumstances:

24 (a) The travel promoter willfully misrepresents the time,  
25 date, or place of any departure or arrival.

1 (b) The travel promoter willfully misrepresents the type of  
2 transportation or type of transportation related services under  
3 the contract.

4 (c) The travel promoter is unable to deliver a ticket in the  
5 manner described in section 13.

6 (3) A customer may waive the right to a refund for a cancel-  
7 lation under this section if all of the following circumstances  
8 exist:

9 (a) The waiver is in writing.

10 (b) The waiver is a document that is separate from the writ-  
11 ten statement provided by the travel promoter under section 7.

12 (c) The waiver is executed not less than 5 days after either  
13 of the following:

14 (i) The date of cancellation described in subsection (1).

15 (ii) The date of the customer's request for cancellation  
16 described in subsection (2).

17 Sec. 11. (1) Unless exempt under subsection (3), a travel  
18 promoter shall immediately deposit 90% of all money received from  
19 a customer for payment of transportation or transportation  
20 related services into an escrow account in a federally insured  
21 lending institution. This account shall not be encumbered by the  
22 travel promoter in any manner.

23 (2) A travel promoter may withdraw money from the escrow  
24 account only for 1 or more of the following reasons:

25 (a) Partial or full payment of transportation or transporta-  
26 tion related services.

1 (b) A refund as required by section 9 or pursuant to the  
2 contract between the travel promoter and a customer.

3 (c) On a monthly basis, interest earned.

4 (3) A travel promoter who has in effect insurance coverage  
5 for both professional errors and admissions of not less than  
6 \$1,000,000.00 and insolvency or business failure of not less than  
7 \$100,000.00 written by a company recognized and approved by the  
8 commissioner of insurance to do business in this state is exempt  
9 from the escrow requirement imposed under this section.

10 Sec. 13. (1) Upon payment in full by a customer by means of  
11 cash or any method which allows the customer to immediately sat-  
12 isfy his or her indebtedness to the travel promoter, the travel  
13 promoter shall issue and deliver the ticket to the customer  
14 within 2 business days of the payment.

15 (2) Upon payment in full by a customer by means of a check,  
16 credit card, draft, or any other method where a delay of more  
17 than 8 hours exists between the tender of payment by the customer  
18 and the crediting of the travel promoter's account, the travel  
19 promoter shall issue and deliver a ticket to the customer within  
20 2 business days of the earlier of the following time periods:

21 (a) The time the payment is credited to the travel  
22 promoter's account.

23 (b) Upon the expiration of the maximum holding period autho-  
24 rized under section 4213 of the uniform commercial code, Act  
25 No. 174 of the Public Acts of 1962, being section 440.4213 of the  
26 Michigan Compiled Laws.

1 (3) As used in this section, "deliver a ticket" means 1 or  
2 more of the following:

3 (a) The physical handing over of a ticket to a customer or  
4 an agent of the customer.

5 (b) The physical handing over of a ticket to a third party  
6 transit service for delivery to the customer's address as indi-  
7 cated in the contract for transportation or transportation ,  
8 related services.

9 (c) Mailing the ticket through the United States postal  
10 service to the customer's address as indicated in the contract  
11 for transportation or transportation related services.

12 Sec. 15. The following are exempt from this act:

13 (a) A provider of transportation and its employees.

14 (b) A provider of transportation related services and its  
15 employees.

16 (c) A religious, charitable, educational, or fraternal orga-  
17 nization exempt from taxation pursuant to section 501(c)(3) or  
18 (8) of the internal revenue code of 1986 if acting on behalf of  
19 its members.

20 Sec. 17. A violation of this act by a person subject to and  
21 not exempt from this act is considered a method, act, or practice  
22 in the conduct of trade or commerce which is unfair, unconsciona-  
23 ble, or deceptive as defined by section 3 of the Michigan con-  
24 sumer protection act, Act No. 331 of the Public Acts of 1976,  
25 being section 445.903 of the Michigan Compiled Laws.

1        Sec. 19. This act shall not take effect unless Senate Bill  
2 No. \_\_\_\_\_ or House Bill No. 6231 (request no. 06027'92 a) of the  
3 86th Legislature is enacted into law.