

Date of Hearing: April 7, 2026

ASSEMBLY COMMITTEE ON BUSINESS AND PROFESSIONS
Marc Berman, Chair
AB 1758 (Nguyen) – As Amended March 16, 2026

SUBJECT: Sellers of travel.

SUMMARY: Increases the maximum amount that sellers of travel (SOT) may be required to pay to fund the operations of the Travel Consumer Restitution Corporation (TCRC) from \$30 to \$60, and authorizes the TCRC to increase the maximum, with approval of the Attorney General (AG), each year to account for inflation.

EXISTING LAW:

- 1) Defines “seller of travel” as a person who sells, provides, furnishes, contracts for, arranges, or advertises that they can or may arrange, or has arranged, wholesale or retail, either of the following: (1) air or sea transportation, either separately or in conjunction with other travel services or (2) land or water vessel transportation, other than sea carriage, either separately or in conjunction with other travel services if the total charge to the passenger exceeds \$300, except as specified. (Business and Professions Code (BPC) § 17550.1(a))
- 2) Defines “person aggrieved” as a passenger located in California at the time of sale, or a person located in California at the time of sale who made any payment on behalf of the passenger for air or sea transportation or travel services, who has sustained a loss as a result of the failure of a seller of travel to refund payments made by or on behalf of a passenger as payment for air or sea transportation or travel services, where a refund is due as a result of the bankruptcy, insolvency, cessation of operations, or material failure to provide the transportation or travel services purchased by the passenger, regardless of whether the passenger or a person making payment on behalf of the passenger initially contracted with that seller of travel. (BPC § 17550.37(a))
- 3) Requires a SOT to apply for registration with the AG not less than 10 days before doing business in California. (BPC § 17550.20)
- 4) Defines “participant” as a registered SOT with its principal place of business in California, who does business with persons located in California, or is a registered SOT that does business in California, from one or more locations in California, and is an issuer or subsidiary of an issuer that has a security listed on a national securities exchange, as specified. meets specified requirements. (BPC § 17550.36)
- 5) Requires participants to maintain a corporation under the nonprofit Mutual Benefit Corporation Law operating under the name “Travel Consumer Restitution Corporation.” (BPC § 17550.39(a))
- 6) Specifies that it is the purpose of the TCRC to provide restitution to a person aggrieved, as specified. (BPC § 17550.38(a))
- 7) Specifies that restitution must be paid from the Travel Consumer Restitution Fund (restitution fund) established by the TCRC. (BPC § 17550.38(c))

- 8) Requires the TCRC to establish and maintain an operations fund for the payment of costs of operations and administration. (BPC § 17550.43(a))
- 9) Requires the TCRC to establish and maintain a restitution fund for the payment of claims. (BPC § 17550.43(d))
- 10) Requires participants making their initial payment of assessments to pay to the TCRC an initial, one-time \$75 assessment per location from which the participant does business in California to provide additional funding for the *operations* of the corporation and an initial, one-time \$200 assessment per location from which the participant does business in California to provide additional funding for the *restitution* fund. (BPC § 17550.43(b))
- 11) Requires the TCRC to bill and collect from each participant an annual assessment that, in the aggregate, must consist of assessments for the operations fund and the restitution fund. (BPC § 17550.44(a))
- 12) Specifies that the annual assessment for the operations fund cannot exceed \$35 per year for each location in the state from which a participant does business. (BPC § 17550.44(b))
- 13) States that if at any time during the fiscal year the board of directors of the TCRC determines that the operations fund will be insufficient to pay the costs of operations and administration for the current or next fiscal year, the TCRC must do either or both of the following:
 - a) Make an emergency assessment of participants, not more than once per fiscal year, up to \$65 per year for each location in the state from which a participant does business.
 - b) Transfer any or all interest earned on the restitution fund to the operations fund, provided that no transfer results in a restitution fund balance of less than \$1,200,000.(BPC § 17550.44(e))
- 14) Requires the TCRC to notify the AG if any assessment is not paid within 60 days of the due date, and requires the AG to suspend the registration of the participant who has not paid. (BPC § 17550.45)
- 15) Authorizes any person aggrieved who suffers a loss of more than \$50 for air or sea transportation or travel services to file a claim with the TCRC. (BPC § 17550.47(a))
- 16) Allows a person aggrieved to recover up to \$15,000 from the TCRC per person aggrieved, not to exceed the amount paid to the participant by or on behalf of the person aggrieved for the transportation or travel services. (BPC § 17550.47(b))
- 17) Requires any SOT that is not a participant in the restitution fund who is doing business with persons located in California to make a clear and conspicuous disclosure, both orally and in writing, that the SOT is not a participant in the restitution fund, and any SOT doing business from any location in California with persons located outside California must make a clear and conspicuous disclosure, both orally and in writing, that the transaction is not covered by the restitution fund. (BPC § 17550.25)

THIS BILL:

- 1) Specifies that the annual assessment for the operations fund shall not exceed \$60 (currently \$35) per year for each location in the state from which a participant does business.
- 2) Authorizes the TCRC, with the approval of the AG, to increase the maximum amount of this assessment no more than once per fiscal year in an amount not to exceed any one-year increase in the California Consumer Price Index for the immediately preceding year as compiled and reported by the Department of Industrial Relations.
- 3) States that the Act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.

FISCAL EFFECT: Unknown. This bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

Purpose. This bill is sponsored by the *California Coalition of Travel Organizations*. According to the author:

For nearly three decades, the cap on assessments supporting California's Travel Consumer Restitution Fund has remained unchanged. In that time, costs have increased, putting pressure on a program that protects consumers when travel services are not delivered. [This bill] makes a modest update to ensure the fund remains stable and continues to serve Californians. This bill provides a responsible and measured approach by allowing limited adjustments tied to inflation while maintaining oversight.

Background.

Sellers of Travel. An SOT is anyone who sells, provides, furnishes, contractors for, arranges, or advertises they can arrange air or sea transportation, either separately or in conjunction with other travel services such as hotels and rental cars, or land or water vessel transportation (other than sea carriage), either separately or in conjunction with other travel services, that costs the consumer more than \$300. Air carriers, ocean carriers, lodging establishments, government-authorized transportation providers, and individual agents of registered SOT are not SOT.

SOT must register with the AG's office before they can operate lawfully in California. Registration is valid for one year and costs \$100 per business location. Registered SOT must display their registration number on all advertising, are required to provide the services purchased by the passenger or provide a refund, and comply with various other financial, disclosure, and advertising requirements. Registered SOT range from small businesses such as Yoga Shala Sacramento, which offers international yoga retreats, to large companies such as Costco Travel, which offers packaged vacations, hotels, cruises, and rental cars exclusively for Costco members.

Travel Consumer Restitution Corporation and Travel Consumer Restitution Fund. In addition to registering with the AG's office, any SOT that does business in California and whose principal place of business is in California, or that does business in California from at least one location in California and is a publicly traded company, must participate in the restitution fund administered by the TCRC. The TCRC is a nonprofit organization that manages the restitution fund and

decides restitution claims. The restitution fund provides refunds to customers who paid for travel services they did not receive and who, at the time of sale, were in California.

Participating SOT are currently required to pay an initial \$75 assessment per business location to cover the TCRC's operating costs and an initial \$200 assessment per business location to be deposited into the restitution fund. Thereafter, SOT are subject to annual assessment capped at \$35 per business location for the TCRC's operating costs and \$200 per business location for the restitution fund, if the restitution fund is less than \$1,600,000. The TCRC may charge an emergency assessment up to \$65 per business location once per year to cover the TCRC's operating expenses and \$150 per business location twice per year if the balance of the restitution fund is less than \$900,000. Since its inception, the TCRC has collected only one emergency assessment. In 2020, the TCRC changed administrators, necessitating the creation of a new website. The TCRC collected a \$50 emergency assessment to cover the cost of the new website.

Since then, the number of registered SOT has declined from approximately 6,000 in 2020 to less than 4,000 at present, and this does not account for the loss of additional locations associated with these SOT. Meanwhile, the TCRC reports that operating costs (e.g., insurance, wages, office supplies, website maintenance, telephone expenses, and credit card service fees) have increased. In Fiscal Year 2024-2025, the TCRC's reported operating and administrative costs were \$204,314. According to the TCRC's administrator, SOT paid \$235,475 in assessments to fund the TCRC's operations, including \$71,885 in late fees. Had SOT paid their annual assessments on time, the TCRC would have experienced a deficit. As late fees are an unreliable source of revenue, the TCRC feels it is necessary to increase the annual assessment paid by SOT.

The \$35 annual assessment cap for operations has been in statute since 1998. Adjusted for inflation, \$35 in 1998 is equal to roughly \$70 today. This bill would allow the TCRC to charge up to \$60 and increase the maximum assessment annually in accordance with the Consumer Price Index.

Prior Related Legislation. SB 95 (Umberg) of 2025 would have specified that a travel consolidator is a SOT, defined "travel consolidator" as an entity that purchases tickets or vouchers for air transportation from an air carrier and resells the tickets or vouchers to travel agencies or directly to passengers at a discount, and required an air carrier to refund a person who purchases a ticket or voucher for air transportation if they are a victim of fraud committed by the SOT, the air carrier has actual knowledge of the SOT's fraudulent business practice, and the person is unable to procure a refund from the SOT within a reasonable time. *SB 95 was held on the Senate Appropriations Committee Suspense File.*

SB 2175 (Alpert), Chapter 924, Statutes of 1998, in part, authorized the TCRC to impose an emergency assessment of up to \$65 per year if the TCRC determines that its operations fund is insufficient to cover its costs.

SB 1348 (Senate Business, Professions and Economic Development Committee), Chapter 790, Statutes of 1997, in part, increased the annual fee assessed by the TCRC for administering the restitution fund from \$25 to \$35.

AB 918 (Speier), Chapter 1123, Statutes of 1994, required all SOT to register annually with the AG, created a non-profit-trust corporation supervised by the AG to administer a consumer restitution fund, also created by AB 918, and required registered California SOT to pay an initial assessment of not more than \$200 to the restitution fund and \$25 as an operations assessment.

ARGUMENTS IN SUPPORT:

As the sponsor of this bill, the *California Coalition of Travel Organizations* writes:

Operation of the [Restitution] Fund is supported entirely through annual assessments paid by participating travel businesses. The current maximum assessment of \$35 per location was last increased in 1997 and has never been adjusted. Over time, administrative and operational costs associated with maintaining the fund have increased, creating concerns about the long-term stability of the program. The bill increases the cap from \$35 to \$60 per year for each location in California from which a travel business operates and allows limited future adjustments tied to inflation. This update helps ensure the fund remains financially stable and able to reimburse consumers when travel services are not provided due to fraud, bankruptcy, or business closure.

REGISTERED SUPPORT:

California Coalition of Travel Organizations (Sponsor)

REGISTERED OPPOSITION:

None on file

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