

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1758 (Nguyen) – As Amended March 16, 2026

Policy Committee: Business and Professions Vote: 14 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill increases, from \$35 to \$60, the maximum annual amount each seller of travel (SOT) may be required to pay to fund the operations of the Travel Consumer Restitution Corporation (TCRC) and authorizes the TCRC, with approval of the Attorney General (AG), to annually increase the new maximum to account for inflation.

Specifically, this bill:

- 1) Increases the maximum amount each registered SOT may be required to pay to TCRC's operations fund from \$35 to \$60 per year for each location in the state from which a SOT does business.
- 2) Authorizes TCRC, with the approval of the AG, to annually increase the maximum amount of the assessment by an amount not to exceed the one-year increase in the California Consumer Price Index (CPI) for the immediately preceding year as compiled and reported by the Department of Industrial Relations.

FISCAL EFFECT:

- 1) Because the fee in this bill is state-imposed and results in a taxpayer paying a higher tax within the meaning of Article XIII A of the California Constitution, this bill has been identified by Legislative Counsel as a tax levy. Therefore, according to this committee's custom and practice this bill is a suspense candidate.
- 2) Potential costs of an unknown amount, but likely minor and absorbable to the AG to approve assessment increases pursuant to the CPI.

In addition, the AG provided the following regarding potential litigation, which, in this committee's view, represents speculative costs, rather than costs stemming from a directive in the bill, and therefore are not attributable to the fiscal impact of the bill.

Requiring AG approval of decisions by the board of the TCRC, which is a private legislatively created corporation rather than a state program within the AG's office, is likely to lead to litigation and potential conflicts with the AG's other legal roles and functions, including claims against the state, that may result in unquantifiable but potentially significant costs, depending on the extent of the litigation or conflicts.

COMMENTS:

- 1) **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 [Corporation] 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.

- 2) **Background.** The SOT Law, established by SB 918 (Speier), Chapter 1123, Statutes of 1994, requires all SOT to register with the AG's office, pay an annual fee to fund the program, and pay annual assessments into the self-sustaining Travel Consumer Restitution Fund (restitution fund). The SOT Law provides specific protections to consumers who purchase sea or air transportation singly or in conjunction with other travel services, such as lodging and car rentals. The SOT Law applies to all sellers located in California, as well as those who sell or offer to sell from locations outside the state to persons located in California and applies to both retail and wholesale transactions. The SOT Law does not apply to airlines, cruise lines, or lodging establishments that book travel for their guests and accept no money for doing so.

TCRC is a private non-profit corporation which administers the restitution fund. If a consumer located in California purchased travel from a registered SOT whose principal place of business is also in California, and the consumer does not receive what they contracted to purchase, the consumer can file a claim with TCRC.

Registered SOT must pay an initial \$75 assessment per business location to TCRC's operations fund and an initial \$200 assessment per business location to the restitution fund. Thereafter, each SOT must pay an annual assessment capped at \$35 per business location to TCRC's operations fund. If the TCRF is less than \$1.6 million, each SOT must also pay \$200 per business location to the TCRF. The SOT Law also allows TCRC to charge emergency assessments for operating expenses and to replenish the restitution fund if it dips below \$900,000.

TCRC reports that since 2020 the number of registered SOT has declined while its operating costs have increased. The \$35 annual assessment cap for operations has not been increased since 1998. Adjusted for inflation, \$35 is equivalent to approximately \$70 today.

- 3) **Two-thirds Vote Requirement.** Legislative Counsel has identified the assessment increase in this bill as a tax levy within the meaning of Section 3 of Article XIII A of the California Constitution, which says any change in state statute that results in any taxpayer paying a higher tax must be passed by a two-thirds vote in both houses. In addition, because this bill is keyed as a tax levy, should the bill be signed into law, it will take effect immediately.