

ASSEMBLY THIRD READING

AB 1758 (Nguyen)

As Amended May 18, 2026

2/3 vote. Tax levy

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) per business location from \$30 to \$60, until January 1, 2031, and \$70 thereafter; authorizes the TCRC to increase the maximum each year to account for inflation, until January 1, 2031.

Major Provisions

- 1) Specifies that the annual assessment for the operations fund shall not exceed \$60 per year for each location in the state from which a participant does business, until January 1, 2031.
- 2) Specifies that after January 1, 2031, the annual assessment for the operations fund shall not exceed \$70 per year for each location in the state from which a participant does business.
- 3) Authorizes the TCRC 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.
- 4) 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.

COMMENTS

Sellers of Travel. A 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 until January 1, 2031, and up to \$70 thereafter. Additionally, this bill would allow the TCRC to increase the maximum assessment annually in accordance with the Consumer Price Index.

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."

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.

Arguments in Opposition

There is no opposition on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee: No state costs. 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.

VOTES**ASM BUSINESS AND PROFESSIONS: 14-1-4**

YES: Berman, Addis, Ahrens, Alanis, Aguiar-Curry, Caloza, Elhawary, Haney, Hart, Irwin, Jackson, Lowenthal, Nguyen, Pellerin

NO: Hadwick

ABS, ABST OR NV: Johnson, Bains, Chen, Macedo

ASM APPROPRIATIONS: 11-3-1

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Hoover, Ta, Tangipa

ABS, ABST OR NV: Dixon

UPDATED

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