THIRD READING

Bill No: AB 1758
Author: Nguyen (D)
Amended: 5/18/26 in Assembly
Vote: 27- Urgency

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 8-3, 6/15/26
AYES: Wahab, Archuleta, Arreguín, Caballero, Grayson, Menjivar, Smallwood-Cuevas, Umberg
NOES: Choi, Niello, Strickland

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 57-15, 5/28/26 - See last page for vote

SUBJECT: Sellers of travel

SOURCE: California Coalition of Travel Organizations

DIGEST: This bill increases the maximum annual amount each seller of travel is required to pay to fund the operations of the Travel Consumer Restitution Corporation (TCRC) from $35 to $60 and authorizes the TCRC to increase the maximum amount annually to accommodate for inflation.

ANALYSIS:

Existing law:

1) Establishes the Sellers of Travel law (Law) which provides a comprehensive scheme for the regulation of Sellers of Travel (SOTs), as defined, and requires a SOT, unless exempted, to register with the Attorney General (AG) and to comply with various requirements. (Business and Professions Code (BPC) § 17550 *et. seq.*)

2) Defines a SOT as a person who sells, provides, furnishes, contracts for, arranges, or advertises that they can or may arrange, or has arranged, at

wholesale or retail either of the following: air or sea transportation either separately or in conjunction with other travel services, or 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 three hundred dollars ($300). (BPC § 17550.1(a))

3) Excludes the following from the definition of a SOT: an air carrier; an ocean carrier; a hotel, motel, or similar lodging establishment that arranges for transportation for its registered guests; a motor club; or a motor or rail carrier or water vessel operator operating from a state, federal, or other governmental entity. (BPC § 17550.1(b))

4) Requires a SOT to register with the AG and file certain information as part of registration, including the name and contact information of individuals a SOT contracts with. Requires the AG to suspend a SOT's registration for failure to make payment to the Travel Consumer Restitution Fund (TCRF) or write a registration fee check that is not honored. Authorizes the AG to contract for the processing of SOT registrations. Exempts individuals that conduct their activities in accordance with specified procedures and disclosures. (BPC §§ 17550.20, 17550.21)

5) Establishes the Travel Consumer Restitution Corporation (TCRC) which creates the TCRF as a mechanism for an aggrieved passenger to be reimbursed when a SOT fails to provide for travel or in the event that a SOT becomes insolvent. Specifies that a participant in the Travel Consumer Restitution Fund is a registered seller of travel with its principal place of business in California, who does business with persons located in California, or is a registered seller of travel that does business in California, from one or more locations in California. (BPC §§ 17550.7 and 17550.38)

6) Requires the TCRC to establish and maintain an operations fund for the payment of costs of operations and administration and requires the corporation to estimate an annual operational budget projecting the costs of operations and administration for the next fiscal year, excluding the amount paid for claims. Requires all participants to pay their initial one-time $75 assessment per business location in the state to provide additional funding for the operational fund and their initial one-time $200 assessment per business location in the state to provide additional funding for the restitution fund. Requires the TCRC to establish a restitution fund for the payment of claims. (BPC § 17550.43 (a)(b)(d))

7) 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)

8) Authorizes the TCRC to, if the balance in the restitution fund is less than $1.6 million, require participants to pay up to a maximum $200 assessment for each location in the state from which the participant does business. (BPC § 17550.44 (c))

9) Authorizes the TCRC to, if the balance in the restitution fund is less than $900,000, require participants to pay an emergency assessment, not more than twice per year, of up to $150 per year for each location in the state from which the participant does business. (BPC § 17550.44 (d))

10) If at any time the board of directors of the TCRC determine the operations fund will be insufficient to pay the costs of operations and administration for the current or next fiscal year they must either require participants pay an emergency assessment, not more than once per fiscal year, up to a maximum of $65 for each location in the state from which the participant does business. The emergency assessment may be billed and collected either on an emergency basis from all participants or in conjunction with each participant's annual assessment; or 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 $1.2 million. (BPC § 17550.44 (e))

11) Requires the TCRC to report to the AG each levy of assessment within 10 business days of the levy. (BPC § 17550.44 (g))

This bill increases the maximum annual amount for the operations fund each SOT is required to pay for the TCRC, from $35 to $60, and then, starting January 1, 2031, to a maximum of $70 per year, for each location in the state from which a SOT does business and after January 1, 2031, authorizes the TCRC to increase the maximum amount 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.

Background

The Law. The Sellers of Travel Law was enacted by SB 918 (Chapter 1123, Statutes of 1994), authored by then-Assemblymember Jackie Speier and sponsored by the California Coalition of Travel Organizations working in cooperation with the AG's office. The law requires all sellers of travel to register with the AG's office, pay an annual fee to fund the program and pay annual assessments into a self-sustaining restitution fund (the TCRF). This law provides specific protections to consumers who purchase sea or air transportation either singly or in conjunction with other travel services, such as lodging and car rentals. The 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. The Law applies to both retail and wholesale transactions, and covers sales by tour operators, consolidators, and wholesalers. A seller who only offers lodging, bus, or train tours without also offering air or sea transportation is not covered by the Law. Lodging establishments that book travel for their guests and accept no money for doing so, along with airlines, and cruise lines, are also not covered by this law.

The Law provides several layers of protections for consumers, including:

- *Disclosure and identification of the seller*. Among other things, sellers of travel must disclose business addresses, fictitious business names, identifying information of principals and owners, any relationship with airlines, and the location of a trust account or information about a surety bond. The registration number, displayed in all advertising and offers to sell, is a means of identifying the businesses in the event of claims or complaints and does not indicate any review or approval of the business by the AG's office. Therefore, so long as the seller discloses the necessary information in its application and pays the appropriate fees, the registration will be approved and a registration number issued.
- *Financial protections*. Some sellers of travel must deposit payments into a trust account or obtain a surety bond on behalf of their customers. In addition, sellers receiving payment from a passenger may not use that money for any other purpose (i.e., to buy travel on behalf of another passenger, pay rent or business overhead, or any personal use) until it has delivered the purchased goods and services.
- *Restitution fund.* The law provides for a private non-profit corporation, the TCRC, which administers the TCRF. If the purchaser is located in California and the purchase is from a registered seller of travel whose principal place of business is also in California, and the purchaser does not receive what he or she contracted to purchase, the purchaser can file a claim with the TCRC. Registered California sellers and out-of-state sellers whose stock is nationally traded are required to pay annual assessments to the TCRC.
- *Written disclosures*. Prior to or at the time of receiving any payment, a seller of travel must provide the purchaser with various written disclosures including its name, business address and telephone number, an itinerary, a statement about its cancellation policy, the total amount to be paid, the amount paid to date, the

date of any future payment, the purpose of the payment made, an itemized statement of any balance due, whether it has a trust account or surety bond, whether the payment is protected by the TCRF, and how to make a claim of the TCRC.

The Law also provides for a number of guarantees. In the event that there is a cancellation, the purchaser is entitled to receive a prompt and automatic refund. If there is a material misrepresentation by the SOT, the Law likewise requires a refund. Finally, the Law provides that once the SOT has received the purchaser's full payment, the purchased tickets must be promptly delivered.

In addition to being required to register with the AG, a registered SOT must pay an initial one-time $75 assessment per business location in the state into the TCRC's operation fund and an initial one -time payment of $200 assessment per business location in the state into the restitution fund. After the initial $75 assessment fee the SOT is required to pay an annual $35 into the TCRC's operation fund. If the balance in the restitution fund is less than $1.6 million, the TCRC will require SOT to pay a maximum of $200 for each business location in the state. A participant's assessment is determined pro rata based upon the ratio of the number of locations in the state from which the participant does business to the total number of locations for all participants.

Further, the TCRC may charge an SOT and emergency assessment for operation costs of no more than $65 once per year for each business location in the state and a maximum of $150 per year, not more than twice a year, for each business location in the state if the balance in the restitution fund is less than $900,000. The funds are deposited in a trust account until the level of the restitution fund balance reaches $1.6 million.

This bill increases the assessment fees SOT's pay and allows limited increases in fees tied to the California Consumer Price Index ensuring the long-term financial stability of the fund and continued consumer protection for travelers provided by the TCRC. Upon passage, this bill will take effect immediately as a tax levy.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 6/30/26)

California Coalition of Travel Organizations (source)

OPPOSITION: (Verified 6/30/26)

None received

ARGUMENTS IN SUPPORT: The California Coalition of Travel Organizations writes in support, "California's SOT Law requires travel businesses operating in the state to register and participate in the Fund. The monies are utilized to reimburse consumers who lose money when a registered seller of travel fails to provide promised travel services because of fraud, insolvency, or closure. This bill increases the cap from $35 to $ 60 per year for each location in California from which a travel business operates and allows limited annual adjustments tied to inflation. Beginning January 1, 2031, the assessment cap will be $70 per business location. 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."

ASSEMBLY FLOOR: 57-15, 5/28/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Chen, Davies, DeMaio, Dixon, Ellis, Gallagher, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Schiavo, Ta, Tangipa
NO VOTE RECORDED: Bains, Castillo, Flora, Lackey, Patel, Quirk-Silva, Celeste Rodriguez, Wallis

Prepared by: Sarah Mason / B., P. & E.D. / , Anna Billy / B., P. & E.D. /
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