

SB 274 -- TRAVEL CLUBS

SPONSOR: Taylor (Richard)

COMMITTEE ACTION: Voted "do pass" by the Committee on Tourism by a vote of 14 to 0.

This bill prohibits travel clubs from selling vacation benefits unless the club maintains an effective registration statement with the Attorney General. The requirements of the registration statement, which includes a \$50 fee, are specified. The Attorney General must approve or disapprove a travel club's registration statement within 30 days of its submission. If the registration is incomplete, the Attorney General must advise the club about what is missing in writing within 15 days from its submission. Travel clubs may submit registration renewal statements annually.

The bill gives an individual who has purchased travel benefits from a travel club the right to rescind and cancel the travel club purchase within three business days. This right cannot be waived. If an individual exercises this right, a full refund must be issued within 15 business days. If an individual purchased a travel club membership from a club that is not registered in Missouri, he or she has three years from the date of purchase to rescind and cancel the membership and to receive a full refund within 15 business days.

Individuals who have purchased a travel club membership and have a complaint regarding the purchase can file a written complaint with the Attorney General or the county prosecuting attorney. The office that receives the complaint must forward it to the travel club by registered mail within 10 working days. The travel club has 30 days from the date on which the complaint was filed to remedy the grievance. If the complaint is settled, the parties will execute a written mutual release containing the terms of the settlement. Payments arising from any settlement must be made within 15 business days of the settlement's signing date.

A person who violates these provisions is guilty of a class D felony and will be fined \$10,000. Fines collected will be transferred to the State School Moneys Fund and distributed to Missouri's public schools.

Any travel club which a court determines has failed to provide the required refund or failed to honor a settlement agreement must post a \$50,000 surety bond with the Attorney General.

FISCAL NOTE: No impact on state funds in FY 2006, FY 2007, and FY 2008.

PROPONENTS: Supporters say that the bill regulates travel clubs, which are very important to Branson. The bill doesn't impose too

much on the industry or on the enforcement side, but it does provide a safety net for consumers by giving them the option to rescind their membership within three business days.

Testifying for the bill were Senator Taylor; Grand Crowne Resorts; American Council of Travel; Branson/Lakes Area Chamber of Commerce and Convention and Visitors Bureau; and Cendant Corporation.

OPPONENTS: Those who oppose the bill say that travel clubs are very problematic for consumers because they often don't provide their expected benefits. Complaints submitted to the Attorney General's Office pertaining to travel clubs are numerous, and bad clubs cost consumers millions of dollars annually. The bill has too many exemptions, making it easier to operate outside the law rather than within it. People who have a bad experience with a Branson travel club end up having a negative opinion about the state as a whole which is bad for tourism.

Testifying against the bill was Office of the Attorney General.

Alice Hurley, Legislative Analyst