

ASSEMBLY CONSUMER AFFAIRS AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 551

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1996

The Assembly Consumer Affairs and Regulated Professions Committee reports favorably Assembly Bill No. 551.

This bill provides for the registration and regulation of sellers of travel (travel agents and tour wholesalers) who offer for sale transportation or transportation-related services to persons in this State. As defined in the bill, "transportation-related services" includes car rentals, lodging, transfers, sight-seeing tours and all other services which are reasonably related to air, sea, rail, motor coach or other medium of transportation and accommodations.

Automobile clubs providing motor vehicle touring information are exempt from the bill as well as persons who make travel arrangements for their own employees for no commission. In addition, in most instances, common carriers, hotels, and car rental companies are also exempt, as are publicly held corporations, their subsidiaries and divisions and the employees thereof, the voting stocks of which are traded on a recognized exchange or over the counter.

Each seller of travel must register with the Director of the Division of Consumer Affairs. A seller of travel must also meet certain requirements for financial security in order to obtain a registration certificate. Sellers of travel are required to obtain a bond, a letter of credit, or deposit cash or securities for \$50,000 if the seller of travel is offering interstate or international transportation services or for \$20,000 if the seller of travel is offering only intrastate transportation services. These bonds, letters of credit, cash or securities shall be filed or deposited with the director and shall be executed to the State of New Jersey for the use of any person who, after entering into a transportation-related services contract, is damaged or suffers any loss by reason of breach of contract or bankruptcy by the seller.

The bill supplements the consumer fraud law, P.L.1960, c.39 (C.56:8-1 et seq.) and therefore makes violations of its provisions subject to the penalties and the other sanctions provided in that law. A person violating the consumer fraud law is subject to a penalty of not more than \$7,500 for a first offense and not more than \$15,000 for each subsequent offense.

This bill was pre-filed for introduction in the 1996 session pending

technical review. As reported, the bill includes the changes required by technical review which as been performed.