

HOUSE RESEARCH

Bill Summary

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Overview

This bill regulates travel clubs and the agreements their members enter into. It requires certain disclosures to be made to purchasers; provides members with the right to cancel; requires clubs to post a bond; prohibits certain practices, most of which involve misrepresentations; and allows enforcement either by the attorney general or by private individuals.

Section

1 Membership travel contracts; cancellation.

Subd. 1. Conforming changes.

Subd. 2. Current law allows a purchaser of a membership travel contract to cancel until midnight of the third business day after the contract is signed. This subdivision would allow cancellation until midnight of the tenth business day.

Subd. 3. Requires that the notice provided for under current law to be given to purchasers must be printed directly adjacent to the purchaser's signature.

Subd. 3a. Requires that at the time of purchase, the travel club must, in addition to giving the required written notice of the right to cancel, provide oral notice as well.

Subd. 4. Current law states that a contract can be cancelled at any time if the written notice required is not given. This subdivision extends this requirement to the oral notice required under the new subdivision 3a.

Section

2 Membership travel contracts in excess of \$500.

Subd. 1. Scope. Applies to membership travel operators offering a contract to a consumer where the cost to the consumer is \$500 or more. Does not apply to travel clubs that offer travel benefits for motor vehicle use only.

Subd. 2. Public offering statement. Sets out information that must be included in a public offering statement that must be provided to prospective purchasers before a travel services agreement is executed. This information includes disclosures about the travel club and its principal operators, the percentage of purchasers who request refunds or make complaints, and disclosures of information about any third-party travel agent or travel operator the club uses to make arrangements.

Subd. 3. Oral disclosures. Provides that prospective purchasers must be informed orally of the information required by subdivision 2 before the contract is signed.

Subd. 4. Complaint record keeping. Requires travel clubs to keep written records of purchasers who exercise the right to cancel, request refunds, or make complaints.

Subd. 5. Failure to provide disclosures. Provides that the right to cancel extends ten days after the disclosures required under this section are made to the purchaser.

Requires that a travel club must register with the attorney general, pay an annual fee of \$350, and provide certain information before it can enter into travel services agreements.

3 Penalties; remedies. Makes the provisions of the bill enforceable through the remedies and penalties of an existing law allowing the attorney general or a private individual to obtain relief for violations.