

CALIFORNIA COALITION OF TRAVEL ORGANIZATIONS
THE STATE LEGISLATIVE COALITION OF NATIONAL, STATE AND REGIONAL ASSOCIATIONS
OF SELLERS OF TRAVEL

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Key Issue Overview - May 11, 2016

Enhancements to California Seller of Travel Law

AB 2106 [Irwin] - Support as Sponsor *Status – has passed policy and fiscal committees, now on Assembly Floor*

AB 2106 would update the existing Seller of Travel [SOT] law in the Business and Professions Code in order to enhance the consumer protections and the efficiency of the law. These include:

- Ensuring that sellers of travel comply with the requirements of current law that they obtain a California State Tax Identification number issued by the Secretary of State.
The Seller of Travel law does not require that sellers of travel comply with the requirements of current law that they obtain a California State Tax Identification number issued by the Secretary of State. Sellers of travel who are in compliance with this requirement have identified businesses that are not in compliance.
- Ensuring that a consumer's ability to recover from the Travel Consumer Restitution Fund [TCRF] does not depend on whether the seller of travel was late in paying its assessment to the TRCF.
There have been circumstances where the consumer has not been able to recover from the Travel Consumer Restitution Fund [TCRF] because the seller of travel was late in paying its assessment to the TRCF.
- Updating the SOT Law to ensure that independent agents may be a business entity and do not have to be a natural person.
Since the Seller of Travel law was enacted 25 years ago, it has become common for independent agents to organize as a single-member limited liability corporation, or an S-Corporation.

Oversight of of Tour Guides

AB 2138 [Low] – Neutral as Amended *Status – has passed Assembly, now moves to Senate for consideration*

CCTO appreciates having had the opportunity to work with Assembly Member Low and his office to discuss the Coalition's concerns with AB 2138 as introduced. Those provisions would have established a new California Tour Guide Act and would have provided for the examination, certification, and regulation of tour guides by a new California Travel and Tourism Council. CCTO continues to believe that comprehensive new state law and program would not be the best approach. There are a number of reasons, including:

- There is not a consumer problem with tour guides that cannot be addressed by the education and training provided by the travel industry as well as the education programs available in the private sector.
- A new state law, let alone a new state bureaucracy with fees, fingerprinting, administration and enforcement requirements, is not justified.
- To the extent there may be issues with the legal status of individuals who are in this state, these are best addressed by the immigration laws.

AB 2138 was amended on April 20 to remove the tour guide education, certification and regulation provisions in their entirety. The new provisions would instead provide helpful clarification in the Seller of Travel [SOT] law that it applies to sellers of travel that offer travel to visitors from out of state. This provision appropriately acknowledges that sellers of travel are responsible for the tour guides they engage to provide sightseeing commentary for travelers.

Sales Tax on Services

SB 1445 [Hertzberg] – Oppose *Status – the measure is not proceeding this year*

This bill would state legislative intent to impose a new sales tax on services with exemptions for health care, education, child care, rent, interest, and the undefined category of "services represented by very small businesses." CCTO is opposed to the imposition of a new tax that would apply to the services provided by sellers of travel, as well as the services that sellers of travel obtain such as accountants, attorneys, and bookkeeping.