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KENNY C. GUINN
Governor

STATE OF NEVADA

PATRICIA JARMAN-MANNING
Commissioner
Consumer Affairs Division

SYDNEY H. WICKLIFFE, C.P.A.
Director
Department of
Business and Industry



DEPARTMENT OF BUSINESS AND INDUSTRY
CONSUMER AFFAIRS DIVISION
OFFICE OF THE COMMISSIONER

AB 343

CRITICAL ISSUES

MAY 5, 2003

Senator Randolph Townsend, Chairman
Commerce and Labor Committee
Nevada State Legislature

Dear Senator Townsend:

The Consumer Affairs Division (the Division) offers the following grave concerns regarding the language of AB 343. While we agree that the current statutes, NRS 598.305 to NRS 598.395, should be amended (which we attempted to correct with AB 478), we believe that if AB 343 is passed as it is, the results will fall short of the desired effects. Our concerns are:

♦ **The Recovery Fund:**

We believe that a recovery fund could be beneficial to consumers if, there are no exemptions and everyone selling travel contributes to this fund, including all agents. It is critical that the Division knows who is out there selling and where they are located, which is why we think everyone except administrative assistants should be registered and pay at least a \$25 annual fee.

Unfortunately, in the absolute best case scenario, we are probably looking at no more than 400-450 registered businesses. At the proposed \$100 per business, the maximum amount that we could collect would be \$45,000. We currently have 308 businesses registered as of May 2, 2003, which equates to \$30,800 if they were each assessed \$100 annually. This would be in effect, providing no registered members of the industry go out of business.

The proposed language for AB 343, indicates that a minimum threshold of \$200,000 be maintained in the account. There currently is no way, for the Division to reach and maintain that \$200,000 balance, unless we significantly raise the business registration fee to at least \$750 or preferably \$1,000 per business. The current language also does not allow for additional assessments to bring the fund back into force should it be depleted. Additionally, the language states in **Sec. 10. 1. (b)** that we must employ an accountant with the cost not to exceed \$10,000 from the fund.

EXHIBIT E Committee on Commerce/Labor

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Senator Randolph Townsend, Chairman
Senate Commerce and Labor Committee
AB 343
May 5, 2003

Additionally, Sec. 10. 1. (c) states in part that we must, "employ or contract with persons and procure necessary equipment, supplies and services to be paid from or purchased with the money in the account."

Again, this fund will be woefully underfunded with the current fee proposal, potential registrants pool and mandates.

- ◆ Sec. 7. 2: Should read, an injured party who wishes to recover from the account must file a complaint within 2 years, not 4 years. It is our experience that the longer a consumer waits to file a complaint, the more difficult it is to find a resolution should one be forthcoming.
- ◆ Sec. 7. 4 (b): Please change the notify the injured person from 30 days to 10 days. In keeping with the procedures for all current hearings held by the Division, a ten day notice would be consistent.
- ◆ Sec. 13. (3) (e): Please strike this section. There should be no exclusions from the registration process for any seller of travel, particularly a travel agency that masquerades as a motor club.
- ◆ Sec. 17: Please enact this statute effective on January 1, 2004, not July 1, 2003. We currently have registrants who have paid through to 2004. It has been our experience that the minimum effective date should be October 1. However, with our current restrictive data base the extra time is needed to prepare for the changes.

◆ **Tour Brokers and Tour Operators:**

In the 2001 Legislature, the Division neglected to add language to the Sellers of Travel bill that would apply the \$25 registration fee to Tour Brokers and Tour Operators. Therefore, the Tour businesses must register with the Division but they do not pay the \$25 registration fee. This amendment would bring Tour Brokers and Tour Operators under the same requirements as other Sellers of Travel.

Thank you in advance for your assistance in this matter. Should you need to contact me, I can be reached at (702) 486-6697.



Patricia Jarman-Manning
Commissioner

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AB 343

TRAVEL COMPLAINTS

July 2001 through April 2003

Total Complaints Filed	230
Total Number of Justified Complaints	138
Total Number of Businesses who went Out of Business	101
Number of Businesses with a Bond and with complaints	49
Number of Businesses with Air Lines Reporting Commission (ARC) Exemptions	53
Number of Consumers Restituted	39
Total Amount of Disputed Claims	\$283,243.77
Amount of Restitution Consumers Received	\$28,691.00