SUNSET EVALUATION REPORT

TRAVEL AGENCIES

A Report to the Governor and the Legislature of the State of Hawaii

Submitted by the
Legislative Auditor of the State of Hawaii

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FOREWORD

Under the "sunset law," licensing boards and commissions and regulated programs are terminated at specified times unless they are reestablished by the Legislature. Nationally, the first sunset law was passed in 1976. Within three years, 30 more states had enacted similar legislation. The rapid spread of sunset legislation reflects increasing public concern with what it sees as unwarranted government interference in everyday activities.

Hawaii's Sunset Law, or the Hawaii Regulatory Licensing Reform Act of 1977, terminated 38 occupational licensing programs over a six-year period. These programs are repealed unless they are specifically reestablished by the Legislature. In 1979, the Legislature assigned the Office of the Legislative Auditor responsibility for evaluating each program prior to its repeal.

This report evaluates the regulation of travel agencies under Chapter 468J, Hawaii Revised Statutes. It presents our findings as to whether the program complies with the Sunset Law and whether there is a reasonable need to regulate travel agencies to protect public health, safety, or welfare. It includes our recommendation on whether the program should be continued, modified, or repealed.

Our approach to the evaluation of the regulation of travel agencies is described in Chapter 1 of this report under "Framework for Evaluation." That framework will also serve as the framework for conducting subsequent evaluations. We used the policies enunciated by the Legislature in the Sunset Law to develop our framework for evaluation. The first and basic test we apply is whether there exists an identifiable potential danger to public health, safety, or welfare arising from the conduct of the occupation or profession being regulated. If the program does not meet this first test, then the other criteria for evaluation are not applied. However, if potential harm to public health, safety, or welfare exists, then the other evaluation criteria, as appropriate, are applied.

We acknowledge the cooperation and assistance extended to our staff by the Department of Regulatory Agencies and other officials contacted during the course of our examination.

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Chapter 1

INTRODUCTION

The Hawaii Regulatory Licensing Reform Act of 1977, or Sunset Law, repeals statutes concerning 38 state licensing boards and commissions and regulated programs over a six-year period. Each year, six to eight licensing statutes are scheduled to be repealed unless specifically reenacted by the Legislature.

In the 1979, the Legislature amended the law to make the Legislative Auditor responsible for evaluating each licensing program prior to its repeal and to recommend to the Legislature whether the statute should be reenacted, modified, or permitted to expire as scheduled. This is our evaluation of Chapter 468J, Hawaii Revised Statutes, on the licensing of travel agencies, which statute is scheduled by the Sunset Law to expire on December 31, 1980.

Objective of the Evaluation

The objective of the evaluation is: To determine whether, in light of the policies set forth in the Sunset Law, the public interest is best served by reenactment, modification, or repeal of Chapter 468J.

Scope of the Evaluation

This report examines the recent history of the statute on licensing of travel agencies and the public health, safety, or welfare that the statute was designed to protect. It then evaluates whether the regulatory program should be continued in its present form.

Organization of the Report

This report consists of three chapters: Chapter 1, this introduction and the framework developed for evaluating the licensing program; Chapter 2, background information on the regulated industry and the enabling legislation; and Chapter 3, our evaluation and recommendation.

Framework for Evaluation

Hawaii's Regulatory Licensing Reform Act of 1977, or Sunset Law, reflects rising public antipathy toward what is seen as unwarranted government interference in citizens' lives. The Sunset Law sets up a timetable terminating various occupational licensing boards. Unless reestablished, the boards disappear or "sunset" at a prescribed moment in time.

In the Sunset Law, the Legislature established policies on the regulation of professions and vocations. The law requires that each occupational licensing program be assessed against these policies in determining whether the program should be reestablished or permitted to expire as scheduled. These policies are:

1. The regulation and licensing of professions and vocations shall be undertaken only where reasonably necessary to protect the health, safety, or welfare of consumers of the services; the purpose must be the protection of the public welfare, not that of the regulated profession or vocation.

2. Even where regulation is reasonably necessary, government interference should be minimized; if less restrictive alternatives to full licensure are available, they should be adopted.

3. Regulation shall not be imposed except where necessary to protect relatively large numbers of consumers who, because of a variety of circumstances, may be at a disadvantage in choosing or relying on the provider of the service.

4. Evidence of abuses by providers of the service shall be accorded great weight in determining whether government supervision is desirable.

5. Regulation which artificially increases the costs of goods and services to the consumer should be avoided.

6. Regulation should be eliminated where its benefits to consumers are outweighed by its costs to taxpayers.

7. Regulation shall not unreasonably restrict entry into professions and vocations by all qualified persons.

We translated these policy statements into the following framework for evaluating the continuing need for the various occupational licensing statutes.

Licensing of an occupation or profession is warranted if:

1. There exists an identifiable potential danger to public health, safety, or welfare arising from the operation or conduct of the occupation or profession.

2. The public that is likely to be harmed is a substantial portion of the consuming public.

3. The potential harm is not one against which the public can reasonably be expected to protect itself.

4. There is a reasonable relationship between licensing and protection of the public from potential harm.

5. Licensing is superior to other optional ways of protecting the public from the potential harm.

6. The benefits of licensing outweigh its costs.

The potential harm. For each regulatory program under review, the initial task is to identify the purpose of regulation and the dangers from which the public is intended to be protected.

Not all potential dangers warrant the exercise of the State's licensing powers. The exercise of such powers is justified only when the potential harm is to public health, safety, or welfare. "Health" and "safety" are fairly well understood. "Welfare" means well-being in any respect and includes physical, social, and economic well-being.

This policy that the potential danger be to the public health, safety, or welfare is a restatement of general case law. As a general rule, a state may exercise its police power and impose occupational licensing requirements only if such requirements tend to promote the public health, safety, or welfare. Under particular fact situations and statutory enactments, courts have held that licensing requirements for paperhangers, housepainters, operators of public dancing schools, florists, and private land surveyors could not be justified.[1] In Hawaii, the State Supreme Court in 1935 ruled that legislation requiring photographers to be licensed bore no reasonable relationship to public health, safety, or welfare and constituted an unconstitutional encroachment on the right of individuals to pursue an innocent profession.[2] The court held that mere interest in

1. See discussion in 51 *American Jurisprudence,* 2d., "Licenses and Permits", Sec. 14.

2. *Terr. v. Fritz Kraft,* 33 Haw. 397.

maintaining honesty in the practice of photography or in ensuring quality in professional photography did not justify the use of the State's licensing powers.

The public. The Sunset Law states that for the exercise of the State's licensing powers to be justified, not only must there be some potential harm to public health, safety, or welfare, but also the potential harm must be to the health, safety, or welfare of that segment of the public consisting mainly of consumers of the services rendered by the regulated occupation or profession. The law makes it clear that the focus of protection should be the consuming public and not the regulated occupation or profession itself.

Consumers are all those who may be affected by the services rendered by the regulated occupation or profession. Consumers are not restricted to those who purchase the services directly. The provider of services may have a direct contractual relationship with a third party and not with the consumer, but the criterion set forth here may be met if the provider's services ultimately flow to and adversely affect the consumer. For example, the services of an automobile mechanic working for a garage or for a U-drive establishment flow directly to his employer, but his workmanship ultimately affects the consumer who brings a car in to his employer for repairs or who rents a car from his employer. If all other criteria set forth in the framework are met, the potential danger of poor workmanship to the consuming public *may* qualify an auto mechanic licensing statute for reenactment or continuance.

The law further requires that the consuming public that may potentially be harmed be relatively large in number. This requirement rules out those situations where potential harm is likely to occur only sporadically or on a casual basis.

Consumer disadvantage. The consuming public does not require the protection afforded by the exercise of the State's licensing powers if the potential harm is one from which the consumers can reasonably be expected adequately to protect themselves. Consumers are expected to be able to protect themselves unless they are at a disadvantage in selecting or dealing with the provider of services.

Consumer disadvantage can arise from a variety of circumstances. It may result from a characteristic of the consumer or from the nature of the occupation or profession being regulated. Age is an example of consumer characteristic which may cause the consumer to be at a disadvantage. Highly technical and complex nature of the occupation is an illustration of occupational character that may result in the consumer being at a disadvantage. Medicine and law fit into the latter illustration. Medicine and law were

the first occupations to be licensed on the theory that the general public lacked sufficient knowledge about medicine and law to enable them to make judgments about the relative competencies of doctors and lawyers and about the quality of services provided them by the doctors and lawyers of their choice.

However, unless otherwise indicated, consumers are generally assumed to be knowledgeable and able to make rational choices and to assess the quality of services being provided them.

Relationship between licensing and protection. Occupational licensing cannot be justified unless it reasonably protects the consumers from the identified potential harm. If the potential harm to the consumer is physical injury arising from possible lack of competence on the part of the provider of service, the licensing requirement must ensure the competence of the provider. If, on the other hand, the potential harm is the likelihood of fraud, the licensing requirements must be such as to minimize the opportunities for fraud.

Alternatives. Depending on the harm to be protected against, licensing may not be the most suitable form of protection for the consumers. Rather than licensing, the prohibition of certain business practices, governmental inspection, the posting of bond, or the inclusion of the occupation within some other existing business regulatory statute may be preferable, appropriate, or more effective in providing protection to the consumers. Increasing the powers, duties, or role of the consumer protector is another possibility. For some programs, a nonregulatory approach may be appropriate, such as consumer education.

Benefit-costs. Even when all other criteria set forth in this framework are met, the exercise of the State's licensing powers may not be justified if the costs of doing so outweigh the benefits to be gained from such exercise of power. The term, "costs," in this regard means more than direct money outlays or expenditure for a licensing program. "Costs" includes opportunity costs or all real resources used up by the licensing program; it includes indirect, spillover, and secondary costs. Thus, the Sunset Law asserts that regulation which artificially increases the costs of goods and services to the consumer should be avoided; and regulation should not unreasonably restrict entry into professions and vocations by all qualified persons.

Chapter 2

BACKGROUND

In 1975, the State began regulating one segment of the travel agency industry. Chapter 468J requires licensing of travel agencies which are not air or ocean carriers or officially appointed agencies of air or ocean carriers. Thus, the law applies to one third of the industry while exempting two thirds of the travel agencies in the State. The exemption was based on the understanding that appointed agencies are already subject to strict requirements set by transportation carriers to ensure sound business practices.[1]

The Office of Consumer Protection (OCP) , which sought regulation of all travel agencies doing business in the State, provided the impetus for regulation, testifying to excessive and costly consumer problems with travel agencies, including misrepresentation of tours and services, and nonperformance of services. OCP's purpose was to discourage financially unstable businesses from entering the industry and to provide a means of financial restitution for consumers suffering financial loss.[2]

Occupational Characteristics

Travel agents act as consultants and providers of travel services. They promote and sell airline and other transportation services, make hotel and lodging accommodations, and arrange tour services.

Appointed and nonappointed agents. A travel agent may be an officially appointed agency of one or more transportation carriers. An official appointment is an authorization to sell, issue, and receive payments for tickets at a set commission. Official appointments generally involve a written contract between the travel agency and an individual carrier or a trade association of carriers, such as the Air Traffic Conference of America (ATC), the International Air Transport Association (IATA), and the Trans Pacific Cruise Conference (TPC). These associations are private trade associations concerned with traffic, sales, and rates. The federal Civil Aeronautics Board (CAB) regulates these associations to some extent.

1. Standing Committee Report No. 722, Committee on Consumer Protection, March 27, 1975, Re: H.B. No. 363, H.D. 1.

2. Testimony by Walter T. Yamashiro, Director, Office of Consumer Protection, to the House Committee on Consumer Protection and Commerce, Re: H.B. No. 363, February 18, 1975.

ATC is a division of the Air Transport Association, which is the trade association of the U.S. certified route air carriers engaged in domestic interstate air transportation. It is subject to federal CAB regulation. The members of ATC adopt intercarrier agreements relating to interline passenger and cargo movements, joint air carrier marketing facilities, and standards for approval, retention, and compensation of travel agencies. ATC selectively grants sales agency appointments to travel agencies which meet specified standards, including bonding, prior travel sales experience, and financial soundness. ATC bonds are available to member carriers should an agency default on payments, but its bonds do not cover consumers directly.

IATA's main function is the economic regulation of international air transportation, including such aspects as international rates and fares. Like agencies appointed by ATC, IATA appointees must also meet strict experience, financial, and performance criteria. No bond is required.

TPC is a private association of shipping lines. It grants appointments almost automatically to ATC-appointed travel agencies.

Those airlines which are not members of ATC or IATA may also make official appointments. Korean Airlines, for example, has its own standards and bonding requirements for appointments.

The agreements between the appointed travel agencies and the air and ocean carriers include specific rules governing financial arrangements and cover requirements for financial reports and payments for tickets within a specified time period. According to the rules of the appointing carriers, only appointed travel agencies may issue tickets and receive commissions for air or ocean transportation sales.

Nonappointed agencies, i.e., those agencies regulated by the State, offer the same kinds of travel services as appointed agencies. Despite carriers' rules, some nonappointed agencies sell transportation tickets, which they purchase from an appointed agency. Other nonappointed agencies offer only limited services such as local tours, including land transportation, hotel accommodations, and sightseeing arrangements within the State, or hotel and tour bookings for out-of-state travel agencies.

Hawaii's Regulation of Travel Agencies

Chapter 468J is the basis for regulating travel agencies doing business in Hawaii. The statute has been supplemented by rules adopted by the Department of Regulatory

Agencies (DRA) for those engaged in travel services.

"Travel services" are defined in the rules as the services provided to travelers, including transportation by airlines, steamships, and railroads; all ground transportation; hotel accommodations; and package tours. The statutory definitions of "travel agency" and "sales representatives" limit state regulation of travel agencies to nonappointed travel agencies and their sales representatives. These agencies and sales representatives must obtain a license in order to conduct business in the State.

Officially appointed agencies of air and ocean carriers must file an application for exemption with DRA. They must show evidence of their appointment.

Administration of Hawaii's Program. Unlike the majority of the State's licensing programs, travel agencies are not regulated by a board.

The director of DRA is responsible for regulating those travel agencies covered by Chapter 468J. DRA accepts and processes applications, issues licenses, and registers exempt travel agencies. It investigates and attempts to resolve complaints on state-licensed agencies.

Authority for enforcement is shared with OCP. OCP is responsible for civil suits against persons who violate Chapter 468J and its rules and regulations. It also has authority to take action against unlicensed agencies which should be licensed. OCP also investigates and mediates consumer disputes with those travel agencies which are exempt from the state licensing statute.

As of September 1979 there were 203 appointed agencies registered with DRA, 98 licensed travel agencies, and 19 licensed sales representatives.

Licensing requirements for nonappointed travel agencies and their sales representatives. Travel agencies and sales representatives regulated by the State are subject to various requirements to conduct business in Hawaii.

Travel agencies must: (1) file a nonrefundable application fee of $100; (2) maintain a bond of not less than $10,000; (3) submit a current financial statement with each application for the director of DRA's determination of financial soundness; and (4) employ a responsible managing employee in each branch office. This managing employee must have at least two years of full-time experience in travel sales and and services, or training related to the travel industry which is acceptable to DRA.

Sales representatives, defined by statute as employees or agents of a travel agency but not including salaried employees, are subject to lesser restrictions than travel agencies. They must: (1) file a nonrefundable fee of $20; (2) be 18 years or older; and (3) maintain a bond of not less than $1000.

Travel agencies must use their name and number as they appear on the license in all advertisements, brochures, and promotional materials. Each license must be posted in the main room of the agency. Licenses are not transferable except by approval of the director, and they are valid only for the locations specified on the application form. Every agency must keep accurate and up-to-date records of all travel arrangements. These records must be kept for at least two years.

Revocation, suspension of licenses. The director of DRA may revoke, suspend, or cancel a license for violation of any rule or section of Chapter 468J, HRS. The director may reconsider a decision, and any person affected by a decision may appeal to the Circuit Court. Anyone whose license has been revoked cannot apply for a new license for two years. DRA has adopted rules and regulations on grounds for revocation or suspension of licenses; e.g., misrepresentation, fraud, and evasion of Chapter 468J, HRS.

Chapter 3

EVALUATION OF THE REGULATION OF TRAVEL AGENCIES

This chapter contains our evaluation and findings on the need for regulation of travel agencies and our recommendations concerning regulation. We determine, *first*, whether the conduct of business by travel agencies poses a potential harm to the public; *second*, if such harm exists, whether the present requirement of licensing travel agencies is the appropriate method of preventing harm; and, *third*, what additional measures may be required to provide the public with fuller protection from harm.

Summary of Findings

1. There is a continuing incidence of financial losses by consumers in their dealings with travel agencies. This incidence has decreased since the enactment of Chapter 468J, but it is still significant enough to warrant government attention.

2. Protection to the public from potential harm is to be found not so much in the requirement that certain travel agencies be *licensed* but in the more essential requirement that agencies must *post bonds* against which the public has a claim. Therefore, regulation of this industry should focus on bonding requirements rather than licensing.

3. There is no basis for excluding appointed travel agencies, or two thirds of the industry, from the essential requirement of posting bonds.

The Need for Some Form of Regulation

Dangers to the public. Travel agencies, as intermediaries between sellers and purchasers of services, collect payments from the customers or consumers, pay the service provider, and issue the tickets to the consumers. Consumers may suffer financial loss under a variety of circumstances: nonperformance by the agent, misrepresentation, delay or refusal to pay proper refunds, or overcharging rates.

- *Nonperformance* – A travel agency may collect funds from a consumer without arranging for the service. The funds may be diverted. The agent may be financially unable to make restitution or may leave the State without providing the consumer the expected services.

A variation of this may occur when a travel agency makes and pays for hotel or other travel services, gives the customer the appropriate receipts and documents, then cancels the reservations and keeps the refund from the service provider.

A travel agency may collect funds from a consumer, arrange for the services, give the customer the appropriate ticket or documents, then not pay the service provider, who then may or may not honor the consumer's tickets.

- *Misrepresentation* – A travel agent may sell a service which is not of the type, quality, or condition agreed upon by the consumer.

- *Delaying or refusing refunds* – A travel agent may collect partial deposits or full prepayment for services, then inappropriately withhold all or part of the deposit or unreasonably delay the refund when a consumer cancels or changes plans.

- *Overcharging* – A travel agent may charge more than the actual rates for the service, or may charge differential rates for the same service to different individuals.

Incidence and severity of reported losses. Although complaints to state agencies have declined since enactment of the state law, there are still about 50 complaints each year claiming losses ranging from $30 to $1522. Complaints about travel agencies are recorded at DRA and OCP. DRA concentrates on the state-licensed travel agencies and OCP on the nonlicensed agencies, i.e., on those agencies which are appointed and those which have failed to obtain licenses.

In 1974, the year prior to enactment of the state law, OCP received nearly 100 complaints. One travel agency had defrauded clients of $31,000 by accepting payment for air fares without purchasing the tickets or refunding the money.

The volume of complaints to OCP and DRA has since declined substantially. In 1979, there were 60 complaints to OCP and three to DRA. Complaints on nonlicensed agencies clearly exceed those on licensed agencies.

A review of DRA and OCP complaints for 1979 indicates that Hawaii has the full range of problems outlined in the previous section. The number of complaints for each category is as follows: nonperformance, 7; misrepresentation, 13; refunds, 9; overcharges, 10; and other, 4. Data were not available on 20 complaints.

Claims of losses range from $30 to $1522 per consumer. The majority of cases at OCP during 1979 involved amounts between $100 and $500. The total loss to a group of travelers by one agency may be considerably higher. Two recent cases handled by DRA involved $1,696 for three individuals with claims against a travel agency and $23,400 for an unspecified number of clients of another agency.

Data from ATC provide additional insight into the potential severity of losses. In the past four years, ATC cancelled seven sales agency appointments because these agencies failed to pay for travel services. In six of the cases, the defaulted amounts ranged from $3,073 to $29,263. In three cases the loss to the air carriers exceeded $20,000 and, in two of these, the bond was insufficient to cover the loss.

Thus, it appears that the public still faces potential harm in their dealings with travel agencies. While the incidence of complaints has not been as great recently as it was several years ago, the problem is still significant enough to warrant government attention and some form of regulation.

Form of Regulation

In the previous section, we concluded that some form of regulation of travel agencies is justifiable. In this section, we consider whether the current requirement of licensing travel agencies is the most appropriate form of regulation.

The central objective of any form of regulation of travel agencies should be to protect the public from potential losses caused by unscrupulous or financially unstable agencies. It is the potential financial loss by consumers which constitutes the potential harm from which the public should be protected.

In our framework for evaluation described in Chapter 1, we stated that not all potential dangers warrant the exercise of the State's licensing powers. Also, we stated: "Depending on the harm to be protected against, licensing may not be the most suitable form of protection for the consumers. Rather than licensing, the prohibition of certain business practices, governmental inspection, the posting of bond, or the inclusion of the occupation within some other business regulatory statute may be preferable, appropriate, or more effective in providing protection to the consumers."

The foregoing appears to be the case with respect to travel agencies. Licensing, *per se*, is not what protects the public from the potential harm of suffering financial losses. Rather, it is the requirement for the posting of an appropriate bond which con-

stitutes the essence of the protection provided to the public, and this requirement can be imposed without the necessity of licensing.

While our evaluation found no evidence of arbitrary or capricious action in licensing, neither did we find any evidence that the practices in licensing travel agencies have strengthened protection to the public. Moreover, the very act of licensing invites the laying down of requirements by rule which may be extraneous or ineffectual in protecting the public from harm.

For example, under the rules of DRA, travel agencies are required to employ in each branch office a person with at least two years of full-time experience in travel sales and service or with training in the travel industry which is acceptable to DRA. Presumably, this requirement is intended to ensure the rendering of competent services but, since the department has no guidelines as to what kinds of experience are appropriate, its relevance as a licensing requirement is questionable. In any event, employee experience is unrelated to the kinds of consumer abuses which have been occurring.

Also as a licensing requirement, DRA's rules state: "No travel agency shall be issued a license until the director has first determined and is satisfied with the financial capacity and responsibility of the applicant." Therefore, applicants are required to submit financial statements, but since applicants provide whatever information they choose to provide and the department has no system to evaluate the statements, this licensing requirement is also questionable. Indeed, the department contends that closer scrutiny of an applicant's financial situation is unnecessary, because the applicant's ability to secure a bond signifies approval of financial stability by the surety insurance company.

We conclude that the most appropriate form of regulation, with the objective of protecting the public from the potential harm of financial losses, is the bonding of travel agencies without the extraneous requirement and practices of licensing.

Exclusion of Appointed Agencies Not Justified

As we have already noted, the statutory definition of "travel agency" effectively excludes officially appointed sales agents of air and ocean carriers as well as the air and ocean carriers themselves. The rationale for the exclusion was the belief that all official appointments were based on strict financial scrutiny and oversight by the carriers as well as a bonding requirement. It was assumed that these requirements would ensure the ongoing financial stability and responsibility of the appointed travel agency.

This assumption warrants further examination for several reasons: *first,* it is not borne out by the complaints data; *second,* the financial requirements imposed by carriers protect primarily the interests of carriers and not those of consumers; and, *finally,* some associations have no bonding requirement for appointees.

The 1979 data of the Office of Consumer Protection show that 18 of the 30 travel agencies charged with improprieties were officially appointed agencies of ATC. Three of the agencies, whose appointments were cancelled by ATC, were the subject of a total of seven complaints. Customers had paid for services after the carriers had terminated the appointments. Since no ATC or other bonds were in effect, customers could not recover their losses.

Only ATC requires bonding. The other associations do not. The ATC bond amount varies with the volume of agency sales, ranging from $10,000 to $50,000. These bonds are in favor of the ATC member carriers only. It is further limited to claims on domestic flights. Other conferences or consumers cannot make claims against the ATC bond. Should an ATC-appointed travel agency default on payments to an ATC carrier, the carrier is protected by the bond. The customer who has no airline ticket or who has arranged and paid for other travel services from the travel agency is not protected and must stand the loss. The customer cannot recover from the bond.

Neither IATA nor TPC require bonds. IATA does have strict eligibility and financial requirements for appointees but TPC does not. Both IATA and TPC use ATC appointments as indicators of financial responsibility. Although the requirements for the various associations differ, appointment by any association carrier is sufficient for exemption from licensing. Furthermore, the requirements of the various associations were not specifically designed to protect the economic interests of consumers.

In contrast, with respect to a travel agency licensed by the State, the bond is made in favor of the State. Consumers may make claims against the bond through DRA or court action.

We conclude that there is no rational basis for excluding two thirds of the industry from the state bonding requirement. An appropriate bond should be required of all travel agencies doing business in the State. Alternatively, for those travel agencies which are appointed by ATC and are required to be bonded, the requirement for state bonding might be deemed to be fulfilled if arrangements can be made for a portion of the bond to be reserved for claims by consumers.

Conclusion and Recommendation

Our overall conclusion is that some form of regulation of travel agencies is necessary to protect the public from the potential harm of financial losses. Rather than licensing, such regulation should take the form of a requirement for travel agencies to post bonds. The bonding requirement should extend to all travel agencies doing business in the State.

Recommendation. *We recommend that Chapter 468J be modified by deleting the requirements for licensing and extending the requirement for the posting of bonds to all travel agencies.*