
A BILL FOR AN ACT

RELATING TO CHARTER TOUR OPERATORS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 468L-5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) Within five business days of receipt, all travel
4 agencies shall deposit all sums received from a consumer, for
5 travel services offered by the travel agency in a trust account
6 maintained in a federally insured financial institution located
7 in Hawaii [-]; provided that charter tour operators subject to
8 part II of this chapter may deposit sums subject to section
9 468L-23 in a trust account maintained in a federally insured
10 financial institution serving as the depository bank for a
11 public charter program pursuant to the requirements of title 14
12 Code of Federal Regulations part 380, as amended. A travel
13 agency shall be deemed to have complied with this section if:
14 (1) (A) Travel services are paid for by the consumer by
15 means of a credit, charge or debit card, or by
16 means of a centrally billed travel account, and
17 the travel agency submits the charge data to the



1 appropriate payment processing or card issuing
2 company within five days of the charge; and
3 ~~[(2)]~~ (B) Any moneys received from these means by the
4 agency are handled in accordance with the
5 provisions of this section~~[-]~~; or

6 (2) A charter tour operator subject to part II of this
7 chapter deposits sums subject to section 468L-23 in a
8 trust account maintained in a federally insured
9 financial institution located out of the State
10 pursuant to this section; provided that the charter
11 tour operator:

12 (A) Provides the director with irrefutable evidence
13 that no financial institution in the State can
14 maintain the charter tour operator's client trust
15 account;

16 (B) Files with the department a notarized irrevocable
17 agreement and authorization in writing, in a form
18 prescribed by the department, allowing the
19 department, upon written request to the federally
20 insured financial institution, to examine and
21 obtain copies of all business records maintained



1 by the financial institution related to the
2 client trust account, regardless of the location
3 of the financial institution and records;
4 provided that the agreement shall indicate that
5 the authorization remains in effect for as long
6 as the financial institution retains the records;

7 (C) Bears any expense to reproduce any records
8 requested by the department to determine
9 compliance with this chapter;

10 (D) Bears any fees or expenses, including travel
11 expenses, requested by the department to audit
12 the records of the charter tour operator or
13 otherwise determine compliance with this chapter;
14 and

15 (E) Bears any expense associated with any enforcement
16 action taken on behalf of the department to
17 protect consumers or otherwise ensure compliance
18 with this chapter;

19 provided further that the department may contract with
20 a private consultant to audit the records of any
21 charter tour operator to determine compliance with



1 this chapter, the cost of which shall be borne by the
2 charter tour operator regardless of whether a
3 violation of this chapter is established."

4 SECTION 2. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 3. This Act shall take effect on July 1, 2112;
7 provided that section 1 of this Act shall take effect on
8 January 1, 2018.



Report Title:

Charter Tour Operators; Client Trust Accounts; Federally Insured Financial Institutions

Description:

Permits charter tour operators to deposit sums subject to section 468L-23, HRS, in a trust account maintained in a federally insured financial institution serving as the depository bank for a public charter program subject to federal regulations. Permits charter tour operators to maintain client trust accounts in a federally insured financial institution located out of the State, if certain conditions are met. Effective 7/1/2112. (SD1)

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