

AMENDED IN SENATE JUNE 15, 2014

AMENDED IN ASSEMBLY MAY 13, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1981**

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**Introduced by Assembly Member Brown**

February 19, 2014

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An act to amend Sections 1936, 1936.01, 1936.015, and 1936.05 of the Civil Code, relating to rental vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1981, as amended, Brown. Rental vehicles: contracts: damage waivers.

Existing law governs contracts between vehicle rental companies and their customers and authorizes a rental company to sell a damage waiver for each full or partial 24-hour rental day. Existing law specifies the maximum rate of the damage waiver sold, as \$9 or \$15 per rental day, as determined by criteria that include the rental company designation of the vehicle based upon the manufacturer's suggested retail price and model year. For purposes of these provisions, existing law requires the manufacturer's suggested retail price to be adjusted annually to reflect changes from the previous year in the Consumer Price Index, as defined.

This bill would remove the manufacturer's suggested retail price as one of the criteria for the rate of a damage waiver sold by a rental company. The bill would increase the maximum rate of the damage waiver to \$11 per rental day for rental vehicles that a rental company designates as an "economy car," "compact car," or another term that has a similar meaning to the 2 smallest categories of vehicles described

in prescribed standards, as of January 1, 2014 standards. The bill would also increase the maximum rate of the damage waiver to \$17 per rental day for rental vehicles in the next 3 body-size categories of vehicles described in these standards and that are also within a specified model year. For rentals that are older than the previous year's model, the bill would specify the maximum rate as \$11 per rental day.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1936 of the Civil Code, as amended by  
2 Section 2 of Chapter 549 of the Statutes of 2013, is amended to  
3 read:  
4 1936. (a) For the purpose of this section, the following  
5 definitions shall apply:  
6 (1) "Rental company" means a person or entity in the business  
7 of renting passenger vehicles to the public.  
8 (2) "Renter" means any person in a manner obligated under a  
9 contract for the lease or hire of a passenger vehicle from a rental  
10 company for a period of less than 30 days.  
11 (3) "Authorized driver" means all of the following:  
12 (A) The renter.  
13 (B) The renter's spouse if that person is a licensed driver and  
14 satisfies the rental company's minimum age requirement.  
15 (C) The renter's employer or coworker if he or she is engaged  
16 in business activity with the renter, is a licensed driver, and satisfies  
17 the rental company's minimum age requirement.  
18 (D) A person expressly listed by the rental company on that  
19 renter's contract as an authorized driver.  
20 (4) (A) "Customer facility charge" means any fee, including  
21 an alternative fee, required by an airport to be collected by a rental  
22 company from a renter for any of the following purposes:  
23 (i) To finance, design, and construct consolidated airport car  
24 rental facilities.  
25 (ii) To finance, design, construct, and operate common-use  
26 transportation systems that move passengers between airport  
27 terminals and those consolidated car rental facilities, and acquire  
28 vehicles for use in that system.

1 (iii) To finance, design, and construct terminal modifications  
2 solely to accommodate and provide customer access to  
3 common-use transportation systems.

4 (B) The aggregate amount to be collected shall not exceed the  
5 reasonable costs, as determined by an audit, by an independent  
6 auditor, paid for by the airport, to finance, design, and construct  
7 those facilities. The auditor shall independently examine and  
8 substantiate the necessity for and the amount of the customer  
9 facility charge, including whether the airport's actual or projected  
10 costs are supported and justified, any steps the airport may take to  
11 limit costs, potential alternatives for meeting the airport's revenue  
12 needs other than the collection of the fee, and whether and to what  
13 extent car rental companies or other businesses or individuals using  
14 the facility or common-use transportation system may pay for the  
15 costs associated with these facilities and systems other than the  
16 fee from rental customers, or whether the airport did not comply  
17 with any provision of this subparagraph. Copies of the audit shall  
18 be provided to the Assembly and Senate Committees on Judiciary,  
19 the Assembly Committee on Transportation, and the Senate  
20 Committee on Transportation and Housing and shall be posted on  
21 the airport's Internet Web site. In the case of a customer facility  
22 charge for a common-use transportation system, the audit also  
23 shall consider the reasonable costs of providing the transit system  
24 or busing network pursuant to clause (ii) of subparagraph (A). Any  
25 audit required by this subparagraph may be included as a part of  
26 an audit of an airport's finances. Notwithstanding clause (iii) of  
27 subparagraph (A), the fees designated as a customer facility charge  
28 shall not be used to pay for terminal expansion, gate expansion,  
29 runway expansion, changes in hours of operation, or changes in  
30 the number of flights arriving or departing from the airport.

31 (C) Except as provided in subparagraph (D), the authorization  
32 given pursuant to this section for an airport to impose a customer  
33 facility charge shall become inoperative when the bonds used for  
34 financing are paid.

35 (D) If a bond or other form of indebtedness is not used for  
36 financing, or the bond or other form of indebtedness used for  
37 financing has been paid, the Oakland International Airport may  
38 require the collection of a customer facility charge for a period of  
39 up to 10 years from the imposition of the charge for the purposes  
40 allowed by, and subject to the conditions imposed by, this section.

1 (5) “Damage waiver” means a rental company’s agreement not  
2 to hold a renter liable for all or any portion of any damage or loss  
3 related to the rented vehicle, any loss of use of the rented vehicle,  
4 or any storage, impound, towing, or administrative charges.

5 (6) “Electronic surveillance technology” means a technological  
6 method or system used to observe, monitor, or collect information,  
7 including telematics, Global Positioning System (GPS), wireless  
8 technology, or location-based technologies. “Electronic  
9 surveillance technology” does not include event data recorders  
10 (EDR), sensing and diagnostic modules (SDM), or other systems  
11 that are used either:

12 (A) For the purpose of identifying, diagnosing, or monitoring  
13 functions related to the potential need to repair, service, or perform  
14 maintenance on the rental vehicle.

15 (B) As part of the vehicle’s airbag sensing and diagnostic system  
16 in order to capture safety systems-related data for retrieval after a  
17 crash has occurred or in the event that the collision sensors are  
18 activated to prepare the decisionmaking computer to make the  
19 determination to deploy or not to deploy the airbag.

20 (7) “Estimated time for replacement” means the number of hours  
21 of labor, or fraction thereof, needed to replace damaged vehicle  
22 parts as set forth in collision damage estimating guides generally  
23 used in the vehicle repair business and commonly known as “crash  
24 books.”

25 (8) “Estimated time for repair” means a good faith estimate of  
26 the reasonable number of hours of labor, or fraction thereof, needed  
27 to repair damaged vehicle parts.

28 (9) “Membership program” means a service offered by a rental  
29 company that permits customers to bypass the rental counter and  
30 go directly to the car previously reserved. A membership program  
31 shall meet all of the following requirements:

32 (A) The renter initiates enrollment by completing an application  
33 on which the renter can specify a preference for type of vehicle  
34 and acceptance or declination of optional services.

35 (B) The rental company fully discloses, prior to the enrollee’s  
36 first rental as a participant in the program, all terms and conditions  
37 of the rental agreement as well as all required disclosures.

38 (C) The renter may terminate enrollment at any time.

39 (D) The rental company fully explains to the renter that  
40 designated preferences, as well as acceptance or declination of

1 optional services, may be changed by the renter at any time for  
2 the next and future rentals.

3 (E) An employee designated to receive the form specified in  
4 subparagraph (C) of paragraph (1) of subdivision (t) is present at  
5 the lot where the renter takes possession of the car, to receive any  
6 change in the rental agreement from the renter.

7 (10) "Passenger vehicle" means a passenger vehicle as defined  
8 in Section 465 of the Vehicle Code.

9 (b) Except as limited by subdivision (c), a rental company and  
10 a renter may agree that the renter will be responsible for no more  
11 than all of the following:

12 (1) Physical or mechanical damage to the rented vehicle up to  
13 its fair market value, as determined in the customary market for  
14 the sale of that vehicle, resulting from collision regardless of the  
15 cause of the damage.

16 (2) Loss due to theft of the rented vehicle up to its fair market  
17 value, as determined in the customary market for the sale of that  
18 vehicle, provided that the rental company establishes by clear and  
19 convincing evidence that the renter or the authorized driver failed  
20 to exercise ordinary care while in possession of the vehicle. In  
21 addition, the renter shall be presumed to have no liability for any  
22 loss due to theft if (A) an authorized driver has possession of the  
23 ignition key furnished by the rental company or an authorized  
24 driver establishes that the ignition key furnished by the rental  
25 company was not in the vehicle at the time of the theft, and (B) an  
26 authorized driver files an official report of the theft with the police  
27 or other law enforcement agency within 24 hours of learning of  
28 the theft and reasonably cooperates with the rental company and  
29 the police or other law enforcement agency in providing  
30 information concerning the theft. The presumption set forth in this  
31 paragraph is a presumption affecting the burden of proof which  
32 the rental company may rebut by establishing that an authorized  
33 driver committed, or aided and abetted the commission of, the  
34 theft.

35 (3) Physical damage to the rented vehicle up to its fair market  
36 value, as determined in the customary market for the sale of that  
37 vehicle, resulting from vandalism occurring after, or in connection  
38 with, the theft of the rented vehicle. However, the renter shall have  
39 no liability for any damage due to vandalism if the renter would  
40 have no liability for theft pursuant to paragraph (2).

1 (4) Physical damage to the rented vehicle up to a total of five  
2 hundred dollars (\$500) resulting from vandalism unrelated to the  
3 theft of the rented vehicle.

4 (5) Actual charges for towing, storage, and impound fees paid  
5 by the rental company if the renter is liable for damage or loss.

6 (6) An administrative charge, which shall include the cost of  
7 appraisal and all other costs and expenses incident to the damage,  
8 loss, repair, or replacement of the rented vehicle.

9 (c) The total amount of the renter's liability to the rental  
10 company resulting from damage to the rented vehicle shall not  
11 exceed the sum of the following:

12 (1) The estimated cost of parts which the rental company would  
13 have to pay to replace damaged vehicle parts. All discounts and  
14 price reductions or adjustments that are or will be received by the  
15 rental company shall be subtracted from the estimate to the extent  
16 not already incorporated in the estimate, or otherwise promptly  
17 credited or refunded to the renter.

18 (2) The estimated cost of labor to replace damaged vehicle parts,  
19 which shall not exceed the product of (A) the rate for labor usually  
20 paid by the rental company to replace vehicle parts of the type that  
21 were damaged and (B) the estimated time for replacement. All  
22 discounts and price reductions or adjustments that are or will be  
23 received by the rental company shall be subtracted from the  
24 estimate to the extent not already incorporated in the estimate, or  
25 otherwise promptly credited or refunded to the renter.

26 (3) (A) The estimated cost of labor to repair damaged vehicle  
27 parts, which shall not exceed the lesser of the following:

28 (i) The product of the rate for labor usually paid by the rental  
29 company to repair vehicle parts of the type that were damaged and  
30 the estimated time for repair.

31 (ii) The sum of the estimated labor and parts costs determined  
32 under paragraphs (1) and (2) to replace the same vehicle parts.

33 (B) All discounts and price reductions or adjustments that are  
34 or will be received by the rental company shall be subtracted from  
35 the estimate to the extent not already incorporated in the estimate,  
36 or otherwise promptly credited or refunded to the renter.

37 (4) For the purpose of converting the estimated time for repair  
38 into the same units of time in which the rental rate is expressed, a  
39 day shall be deemed to consist of eight hours.

1 (5) Actual charges for towing, storage, and impound fees paid  
2 by the rental company.

3 (6) The administrative charge described in paragraph (6) of  
4 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total  
5 estimated cost for parts and labor is more than one hundred dollars  
6 (\$100) up to and including five hundred dollars (\$500), (B) one  
7 hundred dollars (\$100) if the total estimated cost for parts and  
8 labor exceeds five hundred dollars (\$500) up to and including one  
9 thousand five hundred dollars (\$1,500), and (C) one hundred fifty  
10 dollars (\$150) if the total estimated cost for parts and labor exceeds  
11 one thousand five hundred dollars (\$1,500). An administrative  
12 charge shall not be imposed if the total estimated cost of parts and  
13 labor is one hundred dollars (\$100) or less.

14 (d) (1) The total amount of an authorized driver's liability to  
15 the rental company, if any, for damage occurring during the  
16 authorized driver's operation of the rented vehicle shall not exceed  
17 the amount of the renter's liability under subdivision (c).

18 (2) A rental company shall not recover from the renter or other  
19 authorized driver an amount exceeding the renter's liability under  
20 subdivision (c).

21 (3) A claim against a renter resulting from damage or loss,  
22 excluding loss of use, to a rental vehicle shall be reasonably and  
23 rationally related to the actual loss incurred. A rental company  
24 shall mitigate damages where possible and shall not assert or collect  
25 a claim for physical damage which exceeds the actual costs of the  
26 repairs performed or the estimated cost of repairs, if the rental  
27 company chooses not to repair the vehicle, including all discounts  
28 and price reductions. However, if the vehicle is a total loss vehicle,  
29 the claim shall not exceed the total loss vehicle value established  
30 in accordance with procedures that are customarily used by  
31 insurance companies when paying claims on total loss vehicles,  
32 less the proceeds from salvaging the vehicle, if those proceeds are  
33 retained by the rental company.

34 (4) If insurance coverage exists under the renter's applicable  
35 personal or business insurance policy and the coverage is confirmed  
36 during regular business hours, the renter may require that the rental  
37 company submit any claims to the renter's applicable personal or  
38 business insurance carrier. The rental company shall not make any  
39 written or oral representations that it will not present claims or  
40 negotiate with the renter's insurance carrier. For purposes of this

1 paragraph, confirmation of coverage includes telephone  
2 confirmation from insurance company representatives during  
3 regular business hours. Upon request of the renter and after  
4 confirmation of coverage, the amount of claim shall be resolved  
5 between the insurance carrier and the rental company. The renter  
6 shall remain responsible for payment to the rental car company  
7 for any loss sustained that the renter's applicable personal or  
8 business insurance policy does not cover.

9 (5) A rental company shall not recover from the renter or other  
10 authorized driver for an item described in subdivision (b) to the  
11 extent the rental company obtains recovery from another person.

12 (6) This section applies only to the maximum liability of a renter  
13 or other authorized driver to the rental company resulting from  
14 damage to the rented vehicle and not to the liability of another  
15 person.

16 (e) (1) Except as provided in subdivision (f), a damage waiver  
17 shall provide or, if not expressly stated in writing, shall be deemed  
18 to provide that the renter has no liability for damage, loss, loss of  
19 use, or a cost or expense incident thereto.

20 (2) Except as provided in subdivision (f), every limitation,  
21 exception, or exclusion to a damage waiver is void and  
22 unenforceable.

23 (f) A rental company may provide in the rental contract that a  
24 damage waiver does not apply under any of the following  
25 circumstances:

26 (1) Damage or loss results from an authorized driver's (A)  
27 intentional, willful, wanton, or reckless conduct, (B) operation of  
28 the vehicle under the influence of drugs or alcohol in violation of  
29 Section 23152 of the Vehicle Code, (C) towing or pushing  
30 anything, or (D) operation of the vehicle on an unpaved road if  
31 the damage or loss is a direct result of the road or driving  
32 conditions.

33 (2) Damage or loss occurs while the vehicle is (A) used for  
34 commercial hire, (B) used in connection with conduct that could  
35 be properly charged as a felony, (C) involved in a speed test or  
36 contest or in driver training activity, (D) operated by a person other  
37 than an authorized driver, or (E) operated outside the United States.

38 (3) An authorized driver who has (A) provided fraudulent  
39 information to the rental company, or (B) provided false

1 information and the rental company would not have rented the  
2 vehicle if it had instead received true information.

3 (g) (1) A rental company that offers or provides a damage  
4 waiver for any consideration in addition to the rental rate shall  
5 clearly and conspicuously disclose the following information in  
6 the rental contract or holder in which the contract is placed and,  
7 also, in signs posted at the place, such as the counter, where the  
8 renter signs the rental contract, and, for renters who are enrolled  
9 in the rental company's membership program, in a sign that shall  
10 be posted in a location clearly visible to those renters as they enter  
11 the location where their reserved rental cars are parked or near the  
12 exit of the bus or other conveyance that transports the enrollee to  
13 a reserved car: (A) the nature of the renter's liability, such as  
14 liability for all collision damage regardless of cause, (B) the extent  
15 of the renter's liability, such as liability for damage or loss up to  
16 a specified amount, (C) the renter's personal insurance policy or  
17 the credit card used to pay for the car rental transaction may  
18 provide coverage for all or a portion of the renter's potential  
19 liability, (D) the renter should consult with his or her insurer to  
20 determine the scope of insurance coverage, including the amount  
21 of the deductible, if any, for which the renter is obligated, (E) the  
22 renter may purchase an optional damage waiver to cover all  
23 liability, subject to whatever exceptions the rental company  
24 expressly lists that are permitted under subdivision (f), and (F) the  
25 range of charges for the damage waiver.

26 (2) In addition to the requirements of paragraph (1), a rental  
27 company that offers or provides a damage waiver shall orally  
28 disclose to all renters, except those who are participants in the  
29 rental company's membership program, that the damage waiver  
30 may be duplicative of coverage that the customer maintains under  
31 his or her own policy of motor vehicle insurance. The renter's  
32 receipt of the oral disclosure shall be demonstrated through the  
33 renter's acknowledging receipt of the oral disclosure near that part  
34 of the contract where the renter indicates, by the renter's own  
35 initials, his or her acceptance or declination of the damage waiver.  
36 Adjacent to that same part, the contract also shall state that the  
37 damage waiver is optional. Further, the contract for these renters  
38 shall include a clear and conspicuous written disclosure that the  
39 damage waiver may be duplicative of coverage that the customer  
40 maintains under his or her own policy of motor vehicle insurance.

1 (3) The following is an example, for purposes of illustration  
2 and not limitation, of a notice fulfilling the requirements of  
3 paragraph (1) for a rental company that imposes liability on the  
4 renter for collision damage to the full value of the vehicle:

5  
6 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
7 AND OPTIONAL DAMAGE WAIVER  
8

9 You are responsible for all collision damage to the rented vehicle  
10 even if someone else caused it or the cause is unknown. You are  
11 responsible for the cost of repair up to the value of the vehicle,  
12 and towing, storage, and impound fees.

13 Your own insurance, or the issuer of the credit card you use to  
14 pay for the car rental transaction, may cover all or part of your  
15 financial responsibility for the rented vehicle. You should check  
16 with your insurance company, or credit card issuer, to find out  
17 about your coverage and the amount of the deductible, if any, for  
18 which you may be liable.

19 Further, if you use a credit card that provides coverage for your  
20 potential liability, you should check with the issuer to determine  
21 if you must first exhaust the coverage limits of your own insurance  
22 before the credit card coverage applies.

23 The rental company will not hold you responsible if you buy a  
24 damage waiver. But a damage waiver will not protect you if (list  
25 exceptions).”

26 (A) When the above notice is printed in the rental contract or  
27 holder in which the contract is placed, the following shall be printed  
28 immediately following the notice:

29 “The cost of an optional damage waiver is \$\_\_\_\_ for every (day  
30 or week).”

31 (B) When the above notice appears on a sign, the following  
32 shall appear immediately adjacent to the notice:

33 “The cost of an optional damage waiver is \$\_\_\_\_ to \$\_\_\_\_ for  
34 every (day or week), depending upon the vehicle rented.”

35 (h) Notwithstanding any other provision of law, a rental  
36 company may sell a damage waiver subject to the following rate  
37 limitations for each full or partial 24-hour rental day for the damage  
38 waiver:

39 (1) For rental vehicles that the rental company designates as an  
40 “economy car,” “compact car,” or another term having similar

1 meaning to the two smallest body-size categories of vehicles  
2 established by the Association of Car Rental Industry Systems  
3 Standards for North America, ~~as of January 1, 2014~~, when offered  
4 for rental, the rate shall not exceed eleven dollars (\$11).

5 (2) For rental vehicles, that the rental company designates as  
6 an “intermediate car,” “standard car,” or “fullsize car,” or another  
7 term having similar meaning to the next three body-size categories  
8 of vehicles established by the Association of Car Rental Industry  
9 Systems Standards for North America, ~~as of January 1, 2014~~, and  
10 ~~that are also either vehicles of the next model year or not older~~  
11 ~~than the previous year’s model~~, when offered for rental, the rate  
12 shall not exceed seventeen dollars (\$17). ~~For rental vehicles that~~  
13 ~~are older than the previous year’s model year, the rate shall not~~  
14 ~~exceed eleven dollars (\$11).~~

15 (i) A rental company that disseminates in this state an  
16 advertisement containing a rental rate shall include in that  
17 advertisement a clearly readable statement of the charge for a  
18 damage waiver and a statement that a damage waiver is optional.

19 (j) (1) A rental company shall not require the purchase of a  
20 damage waiver, optional insurance, or another optional good or  
21 service.

22 (2) A rental company shall not engage in any unfair, deceptive,  
23 or coercive conduct to induce a renter to purchase the damage  
24 waiver, optional insurance, or another optional good or service,  
25 including conduct such as, but not limited to, refusing to honor  
26 the renter’s reservation, limiting the availability of vehicles,  
27 requiring a deposit, or debiting or blocking the renter’s credit card  
28 account for a sum equivalent to a deposit if the renter declines to  
29 purchase the damage waiver, optional insurance, or another  
30 optional good or service.

31 (k) (1) In the absence of express permission granted by the  
32 renter subsequent to damage to, or loss of, the vehicle, a rental  
33 company shall not seek to recover any portion of a claim arising  
34 out of damage to, or loss of, the rented vehicle by processing a  
35 credit card charge or causing a debit or block to be placed on the  
36 renter’s credit card account.

37 (2) A rental company shall not engage in any unfair, deceptive,  
38 or coercive tactics in attempting to recover or in recovering on any  
39 claim arising out of damage to, or loss of, the rented vehicle.

- 1 (l) (1) A customer facility charge may be collected by a rental  
2 company under the following circumstances:
- 3 (A) Collection of the fee by the rental company is required by  
4 an airport operated by a city, a county, a city and county, a joint  
5 powers authority, a special district, or the San Diego County  
6 Regional Airport Authority formed pursuant to Division 17  
7 (commencing with Section 170000) of the Public Utilities Code.
- 8 (B) The fee is calculated on a per contract basis or as provided  
9 in paragraph (2).
- 10 (C) The fee is a user fee, not a tax imposed upon real property  
11 or an incident of property ownership under Article XIII D of the  
12 California Constitution.
- 13 (D) Except as otherwise provided in subparagraph (E), the fee  
14 shall be ten dollars (\$10) per contract or the amount provided in  
15 paragraph (2).
- 16 (E) The fee for a consolidated rental car facility shall be  
17 collected only from customers of on-airport rental car companies.  
18 If the fee imposed by the airport is for both a consolidated rental  
19 car facility and a common-use transportation system, the fee  
20 collected from customers of on-airport rental car companies shall  
21 be ten dollars (\$10) or the amount provided in paragraph (2), but  
22 the fee imposed on customers of off-airport rental car companies  
23 who are transported on the common-use transportation system is  
24 proportionate to the costs of the common-use transportation system  
25 only. The fee is uniformly applied to each class of on-airport or  
26 off-airport customers, provided that the airport requires off-airport  
27 customers to use the common-use transportation system. For  
28 purposes of this subparagraph, “on-airport rental car company”  
29 means a rental company operating under an airport property lease  
30 or an airport concession or license agreement whose customers  
31 use or will use the consolidated rental car facility and the collection  
32 of the fee as to those customers is consistent with subparagraph  
33 (C).
- 34 (F) Revenues collected from the fee do not exceed the reasonable  
35 costs of financing, designing, and constructing the facility and  
36 financing, designing, constructing, and operating any common-use  
37 transportation system, or acquiring vehicles for use in that system,  
38 and shall not be used for any other purpose.
- 39 (G) The fee is separately identified on the rental agreement.

1 (H) This paragraph does not apply to fees which are governed  
2 by Section 50474.1 of the Government Code or Section 57.5 of  
3 the San Diego Unified Port District Act (Chapter 67 of the First  
4 Extraordinary Session of the Statutes of 1962).

5 (I) For any airport seeking to require rental car companies to  
6 collect an alternative customer facility charge pursuant to paragraph  
7 (2), the following provisions apply:

8 (i) Notwithstanding Section 10231.5 of the Government Code,  
9 the airport shall provide reports on an annual basis to the Senate  
10 and Assembly Committees on Judiciary detailing all of the  
11 following:

12 (I) The total amount of the customer facility charge collected.

13 (II) How the funds are being spent.

14 (III) The amount of and reason for any changes in the airport's  
15 budget or financial needs for the facility or common-use  
16 transportation system.

17 (IV) Whether airport concession fees authorized by Section  
18 1936.01 have increased since the prior report, if any.

19 (ii) (I) The airport shall complete the audit required by  
20 subparagraph (B) of paragraph (4) of subdivision (a) prior to the  
21 initial collection of the customer facility charge. Notwithstanding  
22 Section 10231.5 of the Government Code, copies of the audit shall  
23 be provided to the Assembly and Senate Committees on Judiciary,  
24 the Assembly Committee on Transportation, and the Senate  
25 Committee on Transportation and Housing and shall be posted on  
26 the airport's Internet Web site.

27 (II) Prior to any increase pursuant to paragraph (2), the airport  
28 shall update the information provided in the initial collection audit  
29 pursuant to subclause (I). Notwithstanding Section 10231.5 of the  
30 Government Code, copies of the updated audit shall be provided  
31 to the Assembly and Senate Committees on Judiciary, the  
32 Assembly Committee on Transportation, and the Senate Committee  
33 on Transportation and Housing, and shall be posted on the airport's  
34 Internet Web site.

35 (III) An audit shall be completed every three years after initial  
36 collection only if the customer facility charge is collected for the  
37 purpose of operating a common-use transportation system or to  
38 acquire vehicles for use in the system pursuant to clause (ii) of  
39 subparagraph (A) of paragraph (4) of subdivision (a). A regularly  
40 conducted audit of airport finances that includes the customer

1 facility charge information, that satisfies the requirements of  
 2 subparagraph (B) of paragraph (4) of subdivision (a), and is  
 3 produced in accordance with the generally accepted accounting  
 4 principles of the Government Accounting Standards Board, shall  
 5 satisfy the requirements of this subclause. This obligation shall  
 6 continue until the fee authorization becomes inoperative pursuant  
 7 to subparagraph (C) of paragraph (4) of subdivision (a).  
 8 Notwithstanding Section 10231.5 of the Government Code, the  
 9 information reported pursuant to this subclause shall be compiled  
 10 into one document, shall be provided to the Assembly and Senate  
 11 Committees on Judiciary, the Assembly Committee on  
 12 Transportation, and the Senate Committee on Transportation and  
 13 Housing and shall be posted on the airport’s Internet Web site  
 14 accessible to the public. The information reported shall be  
 15 contained within one easily accessible page contained within the  
 16 airport’s Internet Web site.

17 (IV) This section shall not be construed to require an airport to  
 18 audit a common-use transportation system not financed by a  
 19 customer facility charge and used for the purposes permitted  
 20 pursuant to clause (ii) of subparagraph (A) of paragraph (4) of  
 21 subdivision (a).

22 (V) The airport shall post on the airport’s Internet Web site  
 23 copies of the completed audits required by this clause for a period  
 24 of six years following the audit’s completion.

25 (iii) Use of the bonds shall be limited to construction and design  
 26 of the consolidated rental car facility, terminal modifications, and  
 27 operating costs of the common-use transportation system, as  
 28 specified in paragraph (4) of subdivision (a).

29 (2) Any airport may require rental car companies to collect an  
 30 alternative customer facility charge under the following conditions:

31 (A) The airport first conducts a publicly noticed hearing pursuant  
 32 to the Ralph M. Brown Act (Chapter 9 (commencing with Section  
 33 54950) of Part 1 of Division 2 of Title 5 of the Government Code)  
 34 to review the costs of financing the design and construction of a  
 35 consolidated rental car facility and the design, construction, and  
 36 operation of any common-use transportation system in which all  
 37 of the following occur:

38 (i) The airport establishes the amount of revenue necessary to  
 39 finance the reasonable cost to design and construct a consolidated  
 40 rental car facility and to design, construct, and operate any

1 common-use transportation system, or acquire vehicles for use in  
2 that system, based on evidence presented during the hearing.

3 (ii) The airport finds, based on evidence presented during the  
4 hearing, that the fee authorized in paragraph (1) will not generate  
5 sufficient revenue to finance the reasonable costs to design and  
6 construct a consolidated rental car facility and to design, construct,  
7 and operate any common-use transportation system, or acquire  
8 vehicles for use in that system.

9 (iii) The airport finds that the reasonable cost of the project  
10 requires the additional amount of revenue that would be generated  
11 by the proposed daily rate, including any rate increase, authorized  
12 pursuant to this paragraph.

13 (iv) The airport outlines each of the following:

14 (I) Steps it has taken to limit costs.

15 (II) Other potential alternatives for meeting its revenue needs  
16 other than the collection of the fee.

17 (III) The extent to which rental car companies or other  
18 businesses or individuals using the facility or common-use  
19 transportation system will pay for the costs associated with these  
20 facilities and systems other than the fee from rental customers.

21 (B) The airport may not require the fee authorized in this  
22 paragraph to be collected at any time that the fee authorized in  
23 paragraph (1) of this subdivision is being collected.

24 (C) Pursuant to the procedure set forth in this subdivision, the  
25 fee may be collected at a rate charged on a per-day basis subject  
26 to the following conditions:

27 (i) Commencing January 1, 2011, the amount of the fee may  
28 not exceed six dollars (\$6) per day.

29 (ii) Commencing January 1, 2014, the amount of the fee may  
30 not exceed seven dollars and fifty cents (\$7.50) per day.

31 (iii) Commencing January 1, 2017, and thereafter, the amount  
32 of the fee may not exceed nine dollars (\$9) per day.

33 (iv) At no time shall the fee authorized in this paragraph be  
34 collected from any customer for more than five days for each  
35 individual rental car contract.

36 (v) An airport subject to this paragraph shall initiate the process  
37 for obtaining the authority to require or increase the alternative  
38 fee no later than January 1, 2018. Any airport that obtains the  
39 authority to require or increase an alternative fee shall be authorized  
40 to continue collecting that fee until the fee authorization becomes

1 inoperative pursuant to subparagraph (C) of paragraph (4) of  
2 subdivision (a).

3 (3) Notwithstanding any other provision of law, including, but  
4 not limited to, Part 1 (commencing with Section 6001) to Part 1.7  
5 (commencing with Section 7280), inclusive, of Division 2 of the  
6 Revenue and Taxation Code, the fees collected pursuant to this  
7 section, or another law whereby a local agency operating an airport  
8 requires a rental car company to collect a facility financing fee  
9 from its customers, are not subject to sales, use, or transaction  
10 taxes.

11 (m) (1) A rental company shall only advertise, quote, and charge  
12 a rental rate that includes the entire amount except taxes, a  
13 customer facility charge, if any, and a mileage charge, if any, that  
14 a renter must pay to hire or lease the vehicle for the period of time  
15 to which the rental rate applies. A rental company shall not charge  
16 in addition to the rental rate, taxes, a customer facility charge, if  
17 any, and a mileage charge, if any, any fee that is required to be  
18 paid by the renter as a condition of hiring or leasing the vehicle,  
19 including, but not limited to, required fuel or airport surcharges  
20 other than customer facility charges, nor a fee for transporting the  
21 renter to the location where the rented vehicle will be delivered to  
22 the renter.

23 (2) In addition to the rental rate, taxes, customer facility charges,  
24 if any, and mileage charges, if any, a rental company may charge  
25 for an item or service provided in connection with a particular  
26 rental transaction if the renter could have avoided incurring the  
27 charge by choosing not to obtain or utilize the optional item or  
28 service. Items and services for which the rental company may  
29 impose an additional charge include, but are not limited to, optional  
30 insurance and accessories requested by the renter, service charges  
31 incident to the renter's optional return of the vehicle to a location  
32 other than the location where the vehicle was hired or leased, and  
33 charges for refueling the vehicle at the conclusion of the rental  
34 transaction in the event the renter did not return the vehicle with  
35 as much fuel as was in the fuel tank at the beginning of the rental.  
36 A rental company also may impose an additional charge based on  
37 reasonable age criteria established by the rental company.

38 (3) A rental company shall not charge a fee for authorized  
39 drivers in addition to the rental charge for an individual renter.

1 (4) If a rental company states a rental rate in print advertisement  
2 or in a telephonic, in-person, or computer-transmitted quotation,  
3 the rental company shall disclose clearly in that advertisement or  
4 quotation the terms of mileage conditions relating to the advertised  
5 or quoted rental rate, including, but not limited to, to the extent  
6 applicable, the amount of mileage and gas charges, the number of  
7 miles for which no charges will be imposed, and a description of  
8 geographic driving limitations within the United States and Canada.

9 (5) (A) When a rental rate is stated in an advertisement,  
10 quotation, or reservation in connection with a car rental at an airport  
11 where a customer facility charge is imposed, the rental company  
12 shall disclose clearly the existence and amount of the customer  
13 facility charge. For purposes of this subparagraph, advertisements  
14 include radio, television, other electronic media, and print  
15 advertisements. For purposes of this subparagraph, quotations and  
16 reservations include those that are telephonic, in-person, and  
17 computer-transmitted. If the rate advertisement is intended to  
18 include transactions at more than one airport imposing a customer  
19 facility charge, a range of fees may be stated in the advertisement.  
20 However, all rate advertisements that include car rentals at airport  
21 destinations shall clearly and conspicuously include a toll-free  
22 telephone number whereby a customer can be told the specific  
23 amount of the customer facility charge to which the customer will  
24 be obligated.

25 (B) If a person or entity other than a rental car company,  
26 including a passenger carrier or a seller of travel services, advertises  
27 or quotes a rate for a car rental at an airport where a customer  
28 facility charge is imposed, that person or entity shall, provided  
29 that he, she, or it is provided with information about the existence  
30 and amount of the fee, to the extent not specifically prohibited by  
31 federal law, clearly disclose the existence and amount of the fee  
32 in any telephonic, in-person, or computer-transmitted quotation at  
33 the time of making an initial quotation of a rental rate and at the  
34 time of making a reservation of a rental car. If a rental car company  
35 provides the person or entity with rate and customer facility charge  
36 information, the rental car company is not responsible for the  
37 failure of that person or entity to comply with this subparagraph  
38 when quoting or confirming a rate to a third person or entity.

39 (6) If a rental company delivers a vehicle to a renter at a location  
40 other than the location where the rental company normally carries

1 on its business, the rental company shall not charge the renter an  
2 amount for the rental for the period before the delivery of the  
3 vehicle. If a rental company picks up a rented vehicle from a renter  
4 at a location other than the location where the rental company  
5 normally carries on its business, the rental company shall not  
6 charge the renter an amount for the rental for the period after the  
7 renter notifies the rental company to pick up the vehicle.

8 (n) A rental company shall not use, access, or obtain any  
9 information relating to the renter's use of the rental vehicle that  
10 was obtained using electronic surveillance technology, except in  
11 the following circumstances:

12 (1) (A) When the equipment is used by the rental company  
13 only for the purpose of locating a stolen, abandoned, or missing  
14 rental vehicle after one of the following:

15 (i) The renter or law enforcement has informed the rental  
16 company that the vehicle is missing or has been stolen or  
17 abandoned.

18 (ii) The rental vehicle has not been returned following one week  
19 after the contracted return date, or by one week following the end  
20 of an extension of that return date.

21 (iii) The rental company discovers the rental vehicle has been  
22 stolen or abandoned, and, if stolen, it shall report the vehicle stolen  
23 to law enforcement by filing a stolen vehicle report, unless law  
24 enforcement has already informed the rental company that the  
25 vehicle is missing or has been stolen or abandoned.

26 (B) If electronic surveillance technology is activated pursuant  
27 to subparagraph (A), a rental company shall maintain a record, in  
28 either electronic or written form, of information relevant to the  
29 activation of that technology. That information shall include the  
30 rental agreement, including the return date, and the date and time  
31 the electronic surveillance technology was activated. The record  
32 shall also include, if relevant, a record of written or other  
33 communication with the renter, including communications  
34 regarding extensions of the rental, police reports, or other written  
35 communication with law enforcement officials. The record shall  
36 be maintained for a period of at least 12 months from the time the  
37 record is created and shall be made available upon the renter's  
38 request. The rental company shall maintain and furnish explanatory  
39 codes necessary to read the record. A rental company shall not be  
40 required to maintain a record if electronic surveillance technology

1 is activated to recover a rental vehicle that is stolen or missing at  
2 a time other than during a rental period.

3 (2) In response to a specific request from law enforcement  
4 pursuant to a subpoena or search warrant.

5 (3) This subdivision does not prohibit a rental company from  
6 equipping rental vehicles with GPS-based technology that provides  
7 navigation assistance to the occupants of the rental vehicle, if the  
8 rental company does not use, access, or obtain information relating  
9 to the renter's use of the rental vehicle that was obtained using  
10 that technology, except for the purposes of discovering or repairing  
11 a defect in the technology and the information may then be used  
12 only for that purpose.

13 (4) This subdivision does not prohibit a rental company from  
14 equipping rental vehicles with electronic surveillance technology  
15 that allows for the remote locking or unlocking of the vehicle at  
16 the request of the renter, if the rental company does not use, access,  
17 or obtain information relating to the renter's use of the rental  
18 vehicle that was obtained using that technology, except as  
19 necessary to lock or unlock the vehicle.

20 (5) This subdivision does not prohibit a rental company from  
21 equipping rental vehicles with electronic surveillance technology  
22 that allows the company to provide roadside assistance, such as  
23 towing, flat tire, or fuel services, at the request of the renter, if the  
24 rental company does not use, access, or obtain information relating  
25 to the renter's use of the rental vehicle that was obtained using  
26 that technology except as necessary to provide the requested  
27 roadside assistance.

28 (6) This subdivision does not prohibit a rental company from  
29 obtaining, accessing, or using information from electronic  
30 surveillance technology for the sole purpose of determining the  
31 date and time the vehicle is returned to the rental company, and  
32 the total mileage driven and the vehicle fuel level of the returned  
33 vehicle. This paragraph, however, shall apply only after the renter  
34 has returned the vehicle to the rental company, and the information  
35 shall only be used for the purpose described in this paragraph.

36 (o) A rental company shall not use electronic surveillance  
37 technology to track a renter in order to impose fines or surcharges  
38 relating to the renter's use of the rental vehicle.

39 (p) A renter may bring an action against a rental company for  
40 the recovery of damages and appropriate equitable relief for a

1 violation of this section. The prevailing party shall be entitled to  
2 recover reasonable attorney’s fees and costs.

3 (q) A rental company that brings an action against a renter for  
4 loss due to theft of the vehicle shall bring the action in the county  
5 in which the renter resides or, if the renter is not a resident of this  
6 state, in the jurisdiction in which the renter resides.

7 (r) A waiver of any of the provisions of this section shall be  
8 void and unenforceable as contrary to public policy.

9 (s) (1) A rental company’s disclosure requirements shall be  
10 satisfied for renters who are enrolled in the rental company’s  
11 membership program if all of the following conditions are met:

12 (A) Prior to the enrollee’s first rental as a participant in the  
13 program, the renter receives, in writing, the following:

14 (i) All of the disclosures required by paragraph (1) of subdivision  
15 (g), including the terms and conditions of the rental agreement  
16 then in effect.

17 (ii) An Internet Web site address, as well as a contact number  
18 or address, where the enrollee can learn of changes to the rental  
19 agreement or to the laws of this state governing rental agreements  
20 since the effective date of the rental company’s most recent  
21 restatement of the rental agreement and distribution of that  
22 restatement to its members.

23 (B) At the commencement of each rental period, the renter is  
24 provided, on the rental record or the folder in which it is inserted,  
25 with a printed notice stating that he or she had either previously  
26 selected or declined an optional damage waiver and that the renter  
27 has the right to change preferences.

28 (C) At the commencement of each rental period, the rental  
29 company provides, on the rearview mirror, a hanger on which a  
30 statement is printed, in a box, in at least 12-point boldface type,  
31 notifying the renter that the collision damage waiver offered by  
32 the rental company may be duplicative of coverage that the  
33 customer maintains under his or her own policy of motor vehicle  
34 insurance. If it is not feasible to hang the statement from the  
35 rearview mirror, it shall be hung from the steering wheel.

36 The hanger shall provide the renter a box to initial if he or she  
37 (not his or her employer) has previously accepted or declined the  
38 collision damage waiver and that he or she now wishes to change  
39 his or her decision to accept or decline the collision damage waiver,  
40 as follows:

1 “If I previously accepted the collision damage waiver, I now  
2 decline it.

3 If I previously declined the collision damage waiver, I now  
4 accept it.”

5 The hanger shall also provide a box for the enrollee to indicate  
6 whether this change applies to this rental transaction only or to all  
7 future rental transactions. The hanger shall also notify the renter  
8 that he or she may make that change, prior to leaving the lot, by  
9 returning the form to an employee designated to receive the form  
10 who is present at the lot where the renter takes possession of the  
11 car, to receive any change in the rental agreement from the renter.

12 (2) (A) This subdivision is not effective unless the employee  
13 designated pursuant to subparagraph (E) of paragraph (8) of  
14 subdivision (a) is actually present at the required location.

15 (B) This subdivision does not relieve the rental company from  
16 the disclosures required to be made within the text of a contract  
17 or holder in which the contract is placed; in or on an advertisement  
18 containing a rental rate; or in a telephonic, in-person, or  
19 computer-transmitted quotation or reservation.

20 (t) The amendments made to this section during the 2001–02  
21 Regular Session of the Legislature do not affect litigation pending  
22 on or before January 1, 2003, alleging a violation of Section 22325  
23 of the Business and Professions Code as it read at the time the  
24 action was commenced.

25 SEC. 2. Section 1936.01 of the Civil Code is amended to read:

26 1936.01. (a) For the purpose of this section, the following  
27 definitions shall apply:

28 (1) “Airport concession fee” means a charge collected by a  
29 rental company from a renter that is the renter’s proportionate  
30 share of the amount paid by the rental company to the owner or  
31 operator of an airport for the right or privilege of conducting a  
32 vehicle rental business on the airport’s premises.

33 (2) “Quote” means an estimated cost of rental provided by a  
34 rental company or a third party to a potential customer by  
35 telephone, in-person, computer-transmission, or other means, that  
36 is based on information provided by the potential customer and  
37 used to generate an estimated cost of rental, including, but not  
38 limited to, any of the following: potential dates of rental, locations,  
39 or classes of car.

1 (3) “Tourism commission assessment” means the charge  
2 collected by a rental company from a renter that has been  
3 established by the California Travel and Tourism Commission  
4 pursuant to Section 13995.65 of the Government Code.

5 (b) Notwithstanding subdivision (m) of Section 1936, the  
6 following provisions shall apply:

7 (1) A rental company shall only advertise a rental rate that  
8 includes the entire amount, except taxes, a customer facility charge,  
9 if any, and a mileage charge, if any, that a renter must pay to hire  
10 or lease the vehicle for the period of time to which the rental rate  
11 applies.

12 (2) When providing a quote, or imposing charges for a rental,  
13 the rental company may separately state the rental rate, taxes,  
14 customer facility charge, if any, airport concession fee, if any,  
15 tourism commission assessment, if any, and a mileage charge, if  
16 any, that a renter must pay to hire or lease the vehicle for the period  
17 of time to which the rental rate applies. A rental company may not  
18 charge in addition to the rental rate, taxes, a customer facility  
19 charge, if any, airport concession fee, if any, tourism commission  
20 assessment, if any, and a mileage charge, if any, any fee that must  
21 be paid by the renter as a condition of hiring or leasing the vehicle,  
22 such as, but not limited to, required fuel or airport surcharges other  
23 than customer facility charges and airport concession fees.

24 (3) If customer facility charges, airport concession fees, or  
25 tourism commission assessments are imposed, the rental company  
26 shall do each of the following:

27 (A) At the time the quote is given, provide the person receiving  
28 the quote with a good faith estimate of the rental rate, taxes,  
29 customer facility charge, if any, airport concession fee, if any, and  
30 tourism commission assessment, if any, as well as the total charges  
31 for the entire rental. The total charges, if provided on an Internet  
32 Web site, shall be displayed in a typeface at least as large as any  
33 rental rate disclosed on that page and shall be provided on a page  
34 that the person receiving the quote may reach by following links  
35 through no more than two Internet Web site pages, including the  
36 page on which the rental rate is first provided. The good faith  
37 estimate may exclude mileage charges and charges for optional  
38 items that cannot be determined prior to completing the reservation  
39 based upon the information provided by the person.

1 (B) At the time and place the rental commences, clearly and  
2 conspicuously disclose in the rental contract, or that portion of the  
3 contract that is provided to the renter, the total of the rental rate,  
4 taxes, customer facility charge, if any, airport concession fee, if  
5 any, and tourism commission assessment, if any, for the entire  
6 rental, exclusive of charges that cannot be determined at the time  
7 the rental commences. Charges imposed pursuant to this  
8 subparagraph shall be no more than the amount of the quote  
9 provided in a confirmed reservation, unless the person changes  
10 the terms of the rental contract subsequent to making the  
11 reservation.

12 (C) Provide each person, other than those persons within the  
13 rental company, offering quotes to actual or prospective customers  
14 access to information about customer facility charges, airport  
15 concession fees, and tourism commission assessments as well as  
16 access to information about when those charges apply. Any person  
17 providing quotes to actual or prospective customers for the hire  
18 or lease of a vehicle from a rental company shall provide the quotes  
19 in the manner described in subparagraph (A).

20 (4) In addition to the rental rate, taxes, customer facility charges,  
21 if any, airport concession fees, if any, tourism commission  
22 assessments, if any, and mileage charges, if any, a rental company  
23 may charge for an item or service provided in connection with a  
24 particular rental transaction if the renter could have avoided  
25 incurring the charge by choosing not to obtain or utilize the  
26 optional item or service. Items and services for which the rental  
27 company may impose an additional charge, include, but are not  
28 limited to, optional insurance and accessories requested by the  
29 renter, service charges incident to the renter's optional return of  
30 the vehicle to a location other than the location where the vehicle  
31 was hired or leased, and charges for refueling the vehicle at the  
32 conclusion of the rental transaction in the event the renter did not  
33 return the vehicle with as much fuel as was in the fuel tank at the  
34 beginning of the rental. A rental company also may impose an  
35 additional charge based on reasonable age criteria established by  
36 the rental company.

37 (5) A rental company may not charge any fee for authorized  
38 drivers in addition to the rental charge for an individual renter.

39 (6) If a rental company states a rental rate in print advertisement  
40 or in a telephonic, in-person, or computer-transmitted quote, the

1 rental company shall clearly disclose in that advertisement or quote  
2 the terms of any mileage conditions relating to the rental rate  
3 disclosed in the advertisement or quote, including, but not limited  
4 to, to the extent applicable, the amount of mileage and gas charges,  
5 the number of miles for which no charges will be imposed, and a  
6 description of geographic driving limitations within the United  
7 States and Canada.

8 (7) (A) When a rental rate is stated in an advertisement, in  
9 connection with a car rental at an airport where a customer facility  
10 charge is imposed, the rental company shall clearly disclose the  
11 existence and amount of the customer facility charge. For the  
12 purposes of this subparagraph, advertisements include radio,  
13 television, other electronic media, and print advertisements. If the  
14 rental rate advertisement is intended to include transactions at more  
15 than one airport imposing a customer facility charge, a range of  
16 charges may be stated in the advertisement. However, all rental  
17 rate advertisements that include car rentals at airport destinations  
18 shall clearly and conspicuously include a toll-free telephone  
19 number whereby a customer can be told the specific amount of  
20 the customer facility charge to which the customer will be  
21 obligated.

22 (B) If any person or entity other than a rental car company,  
23 including a passenger carrier or a seller of travel services, advertises  
24 a rental rate for a car rental at an airport where a customer facility  
25 charge is imposed, that person or entity shall, provided they are  
26 provided with information about the existence and amount of the  
27 charge, to the extent not specifically prohibited by federal law,  
28 clearly disclose the existence and amount of the charge. If a rental  
29 car company provides the person or entity with rental rate and  
30 customer facility charge information, the rental car company is  
31 not responsible for the failure of that person or entity to comply  
32 with this subparagraph.

33 (8) If a rental company delivers a vehicle to a renter at a location  
34 other than the location where the rental company normally carries  
35 on its business, the rental company may not charge the renter any  
36 amount for the rental for the period before the delivery of the  
37 vehicle. If a rental company picks up a rented vehicle from a renter  
38 at a location other than the location where the rental company  
39 normally carries on its business, the rental company may not charge

1 the renter any amount for the rental for the period after the renter  
2 notifies the rental company to pick up the vehicle.

3 (9) Except as otherwise permitted pursuant to the customer  
4 facility charge, a rental company may not separately charge, in  
5 addition to the rental rate, a fee for transporting the renter to the  
6 location where the rented vehicle will be delivered to the renter.

7 (c) A renter may bring an action against a rental company for  
8 the recovery of damages and appropriate equitable relief for a  
9 violation of this section. The prevailing party shall be entitled to  
10 recover reasonable attorney's fees and costs.

11 (d) Any waiver of any of the provisions of this section shall be  
12 void and unenforceable as contrary to public policy.

13 (e) This section shall become operative only if the Secretary of  
14 Business, Transportation and Housing provides notice to the  
15 Legislature and the Secretary of State and posts notice on its  
16 Internet Web site that the conditions described in Section 13995.92  
17 of the Government Code have been satisfied.

18 SEC. 3. Section 1936.015 of the Civil Code is amended to  
19 read:

20 1936.015. (a) For the purposes of this section, the following  
21 definitions shall apply:

22 (1) "Vehicle license fee" has the same meaning as in Sections  
23 10751 and 10752 of the Revenue and Taxation Code, as that fee  
24 existed on January 1, 2009.

25 (2) "Increased vehicle license fee" means the amount of the fee  
26 increase in the vehicle license fee above 0.65 percent of the value  
27 of the vehicle.

28 (3) "Increased vehicle license recovery fee" means a charge  
29 that seeks to recover the amount of increased vehicle license fees  
30 actually paid by a rental company for the particular class of vehicle  
31 being rented. The increased vehicle license recovery fee shall be  
32 calculated as provided in paragraph (1) of subdivision (b).

33 (b) Notwithstanding subdivision (m) of Section 1936 or  
34 subdivision (b) of Section 1936.01, upon an increase of the vehicle  
35 license fee above 0.65 percent of the value of the vehicle pursuant  
36 to legislation enacted with the Budget Act of 2009, the following  
37 provisions shall apply with respect to the increased vehicle license  
38 fee:

39 (1) A rental company shall calculate the amount of the increased  
40 vehicle license recovery fee in the following manner:

1 (A) The initial calculation required by this section shall be made  
2 as of August 21, 2009, and shall include the three-month period  
3 of May 21, 2009, to August 21, 2009, inclusive. Subsequent  
4 calculations shall be made every three months thereafter.

5 (B) The rental company shall determine the total amount of the  
6 increased vehicle license fee actually paid during the twelve months  
7 preceding the calculation date, for each particular class of vehicle  
8 being rented.

9 (C) The total amount of increased vehicle license fee actually  
10 paid for each class of vehicle shall be divided by the number of  
11 vehicles in the class, to determine the average increased vehicle  
12 license fee for each class.

13 (D) The average increased vehicle license fee for vehicles in  
14 each class shall be prorated at one three-hundred-and-sixty-fifth,  
15 to determine the daily increased vehicle license recovery fee for  
16 vehicles in each particular class of vehicle, to be charged for each  
17 full or partial 24-hour rental day that the vehicle is rented.

18 (2) As of November 21, 2009, and annually as of each  
19 November 21 thereafter, a rental company shall reconcile the  
20 amount of increased vehicle license fees actually paid by the rental  
21 company during the preceding 12 months for each class of vehicle  
22 and the amount of increased vehicle license recovery fees charged  
23 to customers during that same 12-month period for rental of  
24 vehicles in those classes. The rental company shall post that  
25 information on its Internet Web site by December 31 of each year.

26 (3) The total of all increased vehicle license fees charged to  
27 customers by the rental company for each class of vehicle shall  
28 not exceed the total of increased vehicle license recovery fees  
29 actually paid for vehicles in those classes on an annual basis.

30 (4) A rental company shall only advertise a rental rate that  
31 includes the entire amount, except taxes, the increased vehicle  
32 license recovery fee, a customer facility charge, if any, and a  
33 mileage charge, if any, that a renter must pay to hire or lease the  
34 vehicle for the period of time to which the rental rate applies.

35 (5) When providing a quote, or imposing charges for a rental,  
36 the rental company may separately state the rental rate, taxes, the  
37 increased vehicle license recovery fee, customer facility charge,  
38 if any, airport concession fee, if any, tourism commission  
39 assessment, if any, and a mileage charge, if any, that a renter must  
40 pay to hire or lease the vehicle for the period of time to which the

1 rental rate applies. A rental company may not charge in addition  
2 to the rental rate, taxes, the increased vehicle license recovery fee,  
3 a customer facility charge, if any, airport concession fee, if any,  
4 tourism commission assessment, if any, and a mileage charge, if  
5 any, any fee that must be paid by the renter as a condition of hiring  
6 or leasing the vehicle, such as, but not limited to, required fuel or  
7 airport surcharges other than customer facility charges and airport  
8 concession fees.

9 (6) If customer facility charges, airport concession fees, or  
10 tourism commission assessments are imposed, the rental company  
11 shall do each of the following:

12 (A) At the time the quote is given, provide the person receiving  
13 the quote with a good faith estimate of the rental rate, taxes, the  
14 increased vehicle license recovery fee, customer facility charge,  
15 if any, airport concession fee, if any, and tourism commission  
16 assessment, if any, as well as the total charges for the entire rental.  
17 The total charges, if provided on an Internet Web site, shall be  
18 displayed in a typeface at least as large as any rental rate disclosed  
19 on that page and shall be provided on a page that the person  
20 receiving the quote may reach by following links through no more  
21 than two Internet Web site pages, including the page on which the  
22 rental rate is first provided. The good faith estimate may exclude  
23 mileage charges and charges for optional items that cannot be  
24 determined prior to completing the reservation based upon the  
25 information provided by the person.

26 (B) At the time and place the rental commences, clearly and  
27 conspicuously disclose in the rental contract, or that portion of the  
28 contract that is provided to the renter, the total of the rental rate,  
29 taxes, the increased vehicle license recovery fee, customer facility  
30 charge, if any, airport concession fee, if any, and tourism  
31 commission assessment, if any, for the entire rental, exclusive of  
32 charges that cannot be determined at the time the rental  
33 commences. Charges imposed pursuant to this subparagraph shall  
34 be no more than the amount of the quote provided in a confirmed  
35 reservation, unless the person changes the terms of the rental  
36 contract subsequent to making the reservation.

37 (C) Provide each person, other than those persons within the  
38 rental company, offering quotes to actual or prospective customers  
39 access to information about the increased vehicle license recovery  
40 fee, customer facility charges, airport concession fees, and tourism

1 commission assessments as well as access to information about  
2 when those charges apply. Any person providing quotes to actual  
3 or prospective customers for the hire or lease of a vehicle from a  
4 rental company shall provide the quotes in the manner described  
5 in subparagraph (A).

6 (7) In addition to the rental rate, taxes, the increased vehicle  
7 license recovery fee, customer facility charges, if any, airport  
8 concession fees, if any, tourism commission assessments, if any,  
9 and mileage charges, if any, a rental company may charge for an  
10 item or service provided in connection with a particular rental  
11 transaction if the renter could have avoided incurring the charge  
12 by choosing not to obtain or utilize the optional item or service.  
13 Items and services for which the rental company may impose an  
14 additional charge, include, but are not limited to, optional insurance  
15 and accessories requested by the renter, service charges incident  
16 to the renter's optional return of the vehicle to a location other  
17 than the location where the vehicle was hired or leased, and charges  
18 for refueling the vehicle at the conclusion of the rental transaction  
19 in the event the renter did not return the vehicle with as much fuel  
20 as was in the fuel tank at the beginning of the rental. A rental  
21 company also may impose an additional charge based on  
22 reasonable age criteria established by the rental company.

23 (8) A rental company may not charge any fee for authorized  
24 drivers in addition to the rental charge for an individual renter.

25 (9) If a rental company states a rental rate in print advertisement  
26 or in a telephonic, in-person, or computer-transmitted quote, the  
27 rental company shall clearly disclose in that advertisement or quote  
28 the terms of any mileage conditions relating to the rental rate  
29 disclosed in the advertisement or quote, including, but not limited  
30 to, to the extent applicable, the amount of mileage and gas charges,  
31 the number of miles for which no charges will be imposed, and a  
32 description of geographic driving limitations within the United  
33 States and Canada.

34 (10) (A) When a rental rate is stated in an advertisement, in  
35 connection with a car rental at an airport where a customer facility  
36 charge is imposed, the rental company shall clearly disclose the  
37 existence and amount of the customer facility charge. For the  
38 purposes of this subparagraph, advertisements include radio,  
39 television, other electronic media, and print advertisements. If the  
40 rental rate advertisement is intended to include transactions at more

1 than one airport imposing a customer facility charge, a range of  
2 charges may be stated in the advertisement. However, all rental  
3 rate advertisements that include car rentals at airport destinations  
4 shall clearly and conspicuously include a toll-free telephone  
5 number whereby a customer can be told the specific amount of  
6 the customer facility charge to which the customer will be  
7 obligated.

8 (B) If any person or entity other than a rental company, including  
9 a passenger carrier or a seller of travel services, advertises a rental  
10 rate for a car rental at an airport where a customer facility charge  
11 is imposed, that person or entity shall, provided they are provided  
12 with information about the existence and amount of the charge, to  
13 the extent not specifically prohibited by federal law, clearly  
14 disclose the existence and amount of the charge. If a rental  
15 company provides the person or entity with rental rate and customer  
16 facility charge information, the rental company is not responsible  
17 for the failure of that person or entity to comply with this  
18 subparagraph.

19 (11) If a rental company delivers a vehicle to a renter at a  
20 location other than the location where the rental company normally  
21 carries on its business, the rental company may not charge the  
22 renter any amount for the rental for the period before the delivery  
23 of the vehicle. If a rental company picks up a rented vehicle from  
24 a renter at a location other than the location where the rental  
25 company normally carries on its business, the rental company may  
26 not charge the renter any amount for the rental for the period after  
27 the renter notifies the rental company to pick up the vehicle.

28 (12) Except as otherwise permitted pursuant to the customer  
29 facility charge, a rental company may not separately charge, in  
30 addition to the rental rate, a fee for transporting the renter to the  
31 location where the rented vehicle will be delivered to the renter.

32 (c) A renter may bring an action against a rental company for  
33 the recovery of damages and appropriate equitable relief for a  
34 violation of this section. The prevailing party shall be entitled to  
35 recover reasonable attorney's fees and costs.

36 (d) Any waiver of any of the provisions of this section shall be  
37 void and unenforceable as contrary to public policy.

38 (e) (1) This section shall become operative only if Senate Bill  
39 3 or Assembly Bill 3 of the 2009–10 Third Extraordinary Session  
40 of the Legislature is enacted and increases the vehicle license fee

1 above 0.65 percent of the value of the vehicle and shall cease to  
2 become operative 12 months after the restoration of the vehicle  
3 license fee to no more than 0.65 percent of the value of the vehicle.

4 (2) Provisions of this section relating to the disclosure and  
5 separately stated charges for a customer facility charge or an airport  
6 concession fee shall remain operative so long as the Secretary of  
7 Business, Transportation and Housing provides notice to the  
8 Legislature and the Secretary of State and posts notice on its  
9 Internet Web site that the conditions described in Section 13995.92  
10 of the Government Code have been satisfied.

11 SEC. 4. Section 1936.05 of the Civil Code is amended to read:  
12 1936.05. (a) For purposes of this section:

13 (1) “Additional charges” means charges other than a per period  
14 base rental rate established by the business program.

15 (2) “Business program” means (A) a contract between a rental  
16 company and a business program sponsor that has established the  
17 per period base rental rate, and any other material terms relating  
18 to additional charges, on which the rental company will rent  
19 passenger vehicles to persons authorized by the sponsor, or (B) a  
20 plan, program, or other arrangement established by a rental  
21 company at the request of, or with the consent of, a business  
22 program sponsor under which the rental company offers to rent  
23 passenger vehicles to persons authorized by the sponsor at per  
24 period base rental rates, and any other material terms relating to  
25 additional charges, that are not the same as those generally offered  
26 by the rental company to the public.

27 (3) “Business program sponsor” means a legal entity, other than  
28 a natural person, that is a corporation, limited liability company,  
29 or partnership.

30 (4) “Business renter” means, for any business program sponsor,  
31 a person who is authorized by the sponsor, through the use of an  
32 identifying number or program name or code, to enter into a rental  
33 contract under the sponsor’s business program. In no case shall  
34 the term “business renter” include a person renting as: (A) a  
35 nonemployee member of a not-for-profit organization, (B) the  
36 purchaser of a voucher or other prepaid rental arrangement from  
37 a person, including a tour operator, engaged in the business of  
38 reselling those vouchers or prepaid rental arrangements to the  
39 general public, (C) an individual whose car rental is eligible for  
40 reimbursement in whole or in part as a result of the person being

1 insured or provided coverage under a policy of insurance issued  
2 by an insurance company, or (D) an individual whose car rental  
3 is eligible for reimbursement in whole or in part as a result of the  
4 person purchasing passenger vehicle repair services from a person  
5 licensed to perform such services.

6 (5) “Qualified business rental” under a business program  
7 established for a business program sponsor by a rental company  
8 means the rental of a passenger vehicle under the business program  
9 if either (A) in the 12-month period ending on the date of the rental  
10 or in the calendar year immediately preceding the year in which  
11 the rental occurs, the rentals under all business programs  
12 established by the rental company for the business program sponsor  
13 and its affiliates produced gross rental revenues in excess of  
14 twenty-five thousand dollars (\$25,000) or (B) the rental company  
15 in good faith estimates that rentals under all the business programs  
16 established by the rental company for the business program sponsor  
17 and its affiliates will produce gross rental revenues in excess of  
18 twenty-five thousand dollars (\$25,000) in the 12-month period  
19 commencing with the date of the rental or in the calendar year in  
20 which the rental occurs. The rental company has the burden of  
21 establishing by objectively verifiable evidence that the rental was  
22 a qualified business rental.

23 (6) “Quote” means telephonic, in-person, and  
24 computer-transmitted quotations.

25 (b) Notwithstanding any provision to the contrary contained in  
26 paragraph (1) of subdivision (m) of Section 1936, a rental car  
27 company may, in connection with the qualified business rental of  
28 a passenger vehicle to a business renter of a business program  
29 sponsor under the sponsor’s business program, do both of the  
30 following:

31 (1) Separately quote additional charges for the rental if, at the  
32 time the quote is provided, the person receiving the quote is also  
33 provided a good faith estimate of the total of all the charges for  
34 the entire rental. The estimate may exclude mileage charges and  
35 charges for optional items and services that cannot be determined  
36 prior to completing the reservation based upon the information  
37 provided by the renter.

38 (2) Separately impose additional charges for the rental, if the  
39 rental contract, or another document provided to the business renter  
40 at the time and place the rental commences, clearly and

1 conspicuously discloses the total of all the charges for the entire  
2 rental, exclusive of charges that cannot be determined at the time  
3 the rental commences.

4 (c) A renter may bring an action against a rental company for  
5 the recovery of damages and appropriate equitable relief for a  
6 violation of this section. The prevailing party shall be entitled to  
7 recover reasonable attorney's fees and costs.

8 (d) Any waiver of any of the provisions of this section shall be  
9 void and unenforceable as contrary to public policy.

10 (e) Nothing in this section shall be interpreted to mean that a  
11 rental company is not required to comply with the requirements  
12 of paragraphs (2) to (6), inclusive, of subdivision (m) of Section  
13 1936.

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