

AMENDED IN SENATE JULY 1, 2014
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

Introduced by Assembly Member Brown

February 19, 2014

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 *standards, as of January 1, 2014*. 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

1 terminals and those consolidated car rental facilities, and acquire
2 vehicles for use in that system.

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

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

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

37 (D) If a bond or other form of indebtedness is not used for
38 financing, or the bond or other form of indebtedness used for
39 financing has been paid, the Oakland International Airport may
40 require the collection of a customer facility charge for a period of

1 up to 10 years from the imposition of the charge for the purposes
2 allowed by, and subject to the conditions imposed by, this section.

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

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

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

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

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

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

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

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

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

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

1 (D) The rental company fully explains to the renter that
2 designated preferences, as well as acceptance or declination of
3 optional services, may be changed by the renter at any time for
4 the next and future rentals.

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

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

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

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

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

37 (3) Physical damage to the rented vehicle up to its fair market
38 value, as determined in the customary market for the sale of that
39 vehicle, resulting from vandalism occurring after, or in connection
40 with, the theft of the rented vehicle. However, the renter shall have

1 no liability for any damage due to vandalism if the renter would
2 have no liability for theft pursuant to paragraph (2).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (4) If insurance coverage exists under the renter's applicable
38 personal or business insurance policy and the coverage is confirmed
39 during regular business hours, the renter may require that the rental
40 company submit any claims to the renter's applicable personal or

1 business insurance carrier. The rental company shall not make any
2 written or oral representations that it will not present claims or
3 negotiate with the renter's insurance carrier. For purposes of this
4 paragraph, confirmation of coverage includes telephone
5 confirmation from insurance company representatives during
6 regular business hours. Upon request of the renter and after
7 confirmation of coverage, the amount of claim shall be resolved
8 between the insurance carrier and the rental company. The renter
9 shall remain responsible for payment to the rental car company
10 for any loss sustained that the renter's applicable personal or
11 business insurance policy does not cover.

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

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

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

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

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

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

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

1 (3) An authorized driver who has (A) provided fraudulent
2 information to the rental company, or (B) provided false
3 information and the rental company would not have rented the
4 vehicle if it had instead received true information.

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

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

1 damage waiver may be duplicative of coverage that the customer
2 maintains under his or her own policy of motor vehicle insurance.

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

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

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

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

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

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

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

31 “The cost of an optional damage waiver is \$____ for every (day
32 or week).”

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

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

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

1 (1) For rental vehicles that the rental company designates as an
2 “economy car,” “compact car,” or another term having similar
3 meaning to the two smallest body-size categories of vehicles
4 established by the Association of Car Rental Industry Systems
5 Standards for North America, *as of January 1, 2014*, when offered
6 for rental, the rate shall not exceed eleven dollars (\$11).

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

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

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

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

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

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

1 transportation system, or acquiring vehicles for use in that system,
2 and shall not be used for any other purpose.

3 (G) The fee is separately identified on the rental agreement.

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

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

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

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

16 (II) How the funds are being spent.

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

20 (IV) Whether airport concession fees authorized by Section
21 1936.01 have increased since the prior report, if any.

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

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

38 (III) An audit shall be completed every three years after initial
39 collection only if the customer facility charge is collected for the
40 purpose of operating a common-use transportation system or to

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

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

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

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

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

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

1 (i) The airport establishes the amount of revenue necessary to
2 finance the reasonable cost to design and construct a consolidated
3 rental car facility and to design, construct, and operate any
4 common-use transportation system, or acquire vehicles for use in
5 that system, based on evidence presented during the hearing.

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

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

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

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

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

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

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

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

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

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

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

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

39 (v) An airport subject to this paragraph shall initiate the process
40 for obtaining the authority to require or increase the alternative

1 fee no later than January 1, 2018. Any airport that obtains the
2 authority to require or increase an alternative fee shall be authorized
3 to continue collecting that fee until the fee authorization becomes
4 inoperative pursuant to subparagraph (C) of paragraph (4) of
5 subdivision (a).

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (B) If electronic surveillance technology is activated pursuant
 29 to subparagraph (A), a rental company shall maintain a record, in
 30 either electronic or written form, of information relevant to the
 31 activation of that technology. That information shall include the
 32 rental agreement, including the return date, and the date and time
 33 the electronic surveillance technology was activated. The record
 34 shall also include, if relevant, a record of written or other
 35 communication with the renter, including communications
 36 regarding extensions of the rental, police reports, or other written
 37 communication with law enforcement officials. The record shall
 38 be maintained for a period of at least 12 months from the time the
 39 record is created and shall be made available upon the renter’s
 40 request. The rental company shall maintain and furnish explanatory

1 codes necessary to read the record. A rental company shall not be
2 required to maintain a record if electronic surveillance technology
3 is activated to recover a rental vehicle that is stolen or missing at
4 a time other than during a rental period.

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

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

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

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

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

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

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

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

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

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

14 (A) Prior to the enrollee's first rental as a participant in the
15 program, the renter receives, in writing, the following:

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

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

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

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

38 The hanger shall provide the renter a box to initial if he or she
39 (not his or her employer) has previously accepted or declined the
40 collision damage waiver and that he or she now wishes to change

1 his or her decision to accept or decline the collision damage waiver,
2 as follows:

3 “If I previously accepted the collision damage waiver, I now
4 decline it.

5 If I previously declined the collision damage waiver, I now
6 accept it.”

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

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

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

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

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

28 1936.01. (a) For the purpose of this section, the following
29 definitions shall apply:

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

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

1 limited to, any of the following: potential dates of rental, locations,
2 or classes of car.

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

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

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

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

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

29 (A) At the time the quote is given, provide the person receiving
30 the quote with a good faith estimate of the rental rate, taxes,
31 customer facility charge, if any, airport concession fee, if any, and
32 tourism commission assessment, if any, as well as the total charges
33 for the entire rental. The total charges, if provided on an Internet
34 Web site, shall be displayed in a typeface at least as large as any
35 rental rate disclosed on that page and shall be provided on a page
36 that the person receiving the quote may reach by following links
37 through no more than two Internet Web site pages, including the
38 page on which the rental rate is first provided. The good faith
39 estimate may exclude mileage charges and charges for optional

1 items that cannot be determined prior to completing the reservation
2 based upon the information provided by the person.

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

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

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

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

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

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

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

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

1 normally carries on its business, the rental company may not charge
2 the renter any amount for the rental for the period after the renter
3 notifies the rental company to pick up the vehicle.

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

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

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

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

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

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

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

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

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

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

1 (1) A rental company shall calculate the amount of the increased
2 vehicle license recovery fee in the following manner:
3 (A) The initial calculation required by this section shall be made
4 as of August 21, 2009, and shall include the three-month period
5 of May 21, 2009, to August 21, 2009, inclusive. Subsequent
6 calculations shall be made every three months thereafter.
7 (B) The rental company shall determine the total amount of the
8 increased vehicle license fee actually paid during the twelve months
9 preceding the calculation date, for each particular class of vehicle
10 being rented.
11 (C) The total amount of increased vehicle license fee actually
12 paid for each class of vehicle shall be divided by the number of
13 vehicles in the class, to determine the average increased vehicle
14 license fee for each class.
15 (D) The average increased vehicle license fee for vehicles in
16 each class shall be prorated at one three-hundred-and-sixty-fifth,
17 to determine the daily increased vehicle license recovery fee for
18 vehicles in each particular class of vehicle, to be charged for each
19 full or partial 24-hour rental day that the vehicle is rented.
20 (2) As of November 21, 2009, and annually as of each
21 November 21 thereafter, a rental company shall reconcile the
22 amount of increased vehicle license fees actually paid by the rental
23 company during the preceding 12 months for each class of vehicle
24 and the amount of increased vehicle license recovery fees charged
25 to customers during that same 12-month period for rental of
26 vehicles in those classes. The rental company shall post that
27 information on its Internet Web site by December 31 of each year.
28 (3) The total of all increased vehicle license fees charged to
29 customers by the rental company for each class of vehicle shall
30 not exceed the total of increased vehicle license recovery fees
31 actually paid for vehicles in those classes on an annual basis.
32 (4) A rental company shall only advertise a rental rate that
33 includes the entire amount, except taxes, the increased vehicle
34 license recovery fee, a customer facility charge, if any, and a
35 mileage charge, if any, that a renter must pay to hire or lease the
36 vehicle for the period of time to which the rental rate applies.
37 (5) When providing a quote, or imposing charges for a rental,
38 the rental company may separately state the rental rate, taxes, the
39 increased vehicle license recovery fee, customer facility charge,
40 if any, airport concession fee, if any, tourism commission

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

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

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

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

39 (C) Provide each person, other than those persons within the
40 rental company, offering quotes to actual or prospective customers

1 access to information about the increased vehicle license recovery
2 fee, customer facility charges, airport concession fees, and tourism
3 commission assessments as well as access to information about
4 when those charges apply. Any person providing quotes to actual
5 or prospective customers for the hire or lease of a vehicle from a
6 rental company shall provide the quotes in the manner described
7 in subparagraph (A).

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

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

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

36 (10) (A) When a rental rate is stated in an advertisement, in
37 connection with a car rental at an airport where a customer facility
38 charge is imposed, the rental company shall clearly disclose the
39 existence and amount of the customer facility charge. For the
40 purposes of this subparagraph, advertisements include radio,

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

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

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

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

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

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

1 (e) (1) This section shall become operative only if Senate Bill
2 3 or Assembly Bill 3 of the 2009–10 Third Extraordinary Session
3 of the Legislature is enacted and increases the vehicle license fee
4 above 0.65 percent of the value of the vehicle and shall cease to
5 become operative 12 months after the restoration of the vehicle
6 license fee to no more than 0.65 percent of the value of the vehicle.

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

14 SEC. 4. Section 1936.05 of the Civil Code is amended to read:
15 1936.05. (a) For purposes of this section:

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

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

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

33 (4) “Business renter” means, for any business program sponsor,
34 a person who is authorized by the sponsor, through the use of an
35 identifying number or program name or code, to enter into a rental
36 contract under the sponsor’s business program. In no case shall
37 the term “business renter” include a person renting as: (A) a
38 nonemployee member of a not-for-profit organization, (B) the
39 purchaser of a voucher or other prepaid rental arrangement from
40 a person, including a tour operator, engaged in the business of

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

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

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

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

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

1 (2) Separately impose additional charges for the rental, if the
2 rental contract, or another document provided to the business renter
3 at the time and place the rental commences, clearly and
4 conspicuously discloses the total of all the charges for the entire
5 rental, exclusive of charges that cannot be determined at the time
6 the rental commences.

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) Nothing in this section shall be interpreted to mean that a
14 rental company is not required to comply with the requirements
15 of paragraphs (2) to (6), inclusive, of subdivision (m) of Section
16 1936.