

AMENDED IN ASSEMBLY APRIL 30, 2015

AMENDED IN ASSEMBLY APRIL 15, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 675**

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**Introduced by Assembly Member Alejo**

February 25, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 675, as amended, Alejo. Rental vehicles: disclosures: obligations.

(1) Existing law governs contracts between rental car companies and their customers in connection with the rental of a passenger vehicle. Existing law requires a rental company that offers or provides a damage waiver to orally disclose to all renters, except participants in the rental company's membership program, that the damage waiver may be duplicative of coverage that the customer maintains under his or her own policy of motor vehicle insurance, and requires that the contract include that information in a clear and conspicuous written disclosure.

This bill would specify that the oral disclosure only applies if a damage waiver is offered orally at the rental counter, at the time of the offer, and, if a damage waiver may be obtained online, would require the clear and conspicuous written disclosure to also be included on the Internet Web site page on which an estimate of total charges is provided for any reservation made through the rental company's online reservation system.

(2) Existing law requires a rental company to only advertise a rental rate that includes the entire amount except taxes, and any applicable customer facility charge or mileage charge that a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies. Existing law prohibits a rental company from charging any fee that is required to be paid by the renter as a condition of hiring or leasing the vehicle, other than the rental rate, taxes, or any applicable customer facility charge, airport concession fee, tourism commission assessment, or mileage charge.

This bill would repeal that advertisement requirement and that prohibition against charging any other required fees.

(3) Existing law authorizes, when providing a quote, or imposing charges for a rental, a rental company to separately state the rental rate, taxes, and any applicable customer facility charge, airport concession fee, tourism commission assessment, mileage charge that a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies.

This bill would revise and recast that law to provide that a rental company is authorized to separately state any additional mandatory charges, defined to mean any charges imposed by a governmental entity that a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies, including, but not limited to, a customer facility charge, airport concession fee, tourism commission assessment, vehicle license recovery fee, or other government imposed taxes or fees. This bill would further define the term vehicle license recovery fee to mean the amount of vehicle license fee and vehicle registration fee, as those terms are defined, paid by the rental company for the particular class of vehicle being rented.

(4) Existing law requires a rental company, if customer facility charges, airport concession fees, or tourism commission assessments are imposed, to take specified actions, including, when a quote is given, providing the person receiving the quote with a good faith estimate of the rental rate, taxes, customer facility charge, if any, airport concession fee, if any, and tourism commission assessment, if any, as well as the total charges for the entire rental.

This bill would require a rental company to take those specified actions when any additional mandatory charge is imposed.

(5) Existing law requires, when a rental rate is stated in an advertisement, in connection with a car rental at an airport where a customer facility charge is imposed, the rental company to clearly

disclose the existence and amount of the customer facility charge, as specified. Existing law requires, if any person or entity other than a rental car company, advertises a rental rate for a car rental at an airport where a customer facility charge is imposed, that person or entity to clearly disclose the existence and amount of the charge, as specified.

This bill would repeal these disclosure requirements.

(6) Existing law prohibits a rental company from using, accessing, or obtaining information relating to the renter's use of the rental vehicle obtained using electronic surveillance technology, except in specified circumstances.

This bill would instead allow a rental company to access or obtain information relating to the renter's use of the rental vehicle obtained using electronic surveillance technology, and also revise and expand the circumstances when information from electronic surveillance technology can be used by a rental company, as specified.

(7) Existing law provides that a rental company's disclosure requirements for renters enrolled in the company's membership program are satisfied if specified conditions are met, including a requirement that the rental company provide a specified notice on a hanger, as provided. Existing law specifies that this provision is effective only if a designated employee is actually present at the required location, and specifies that the provision does not relieve the rental company from the disclosures required to be made within the text of a contract or holder in which the contract is ~~placed~~; *placed*, in or on an advertisement containing a ~~rental rate~~; *rate*, or in a telephonic, in-person, or computer-transmitted quotation or reservation.

This bill would eliminate that requirement that the rental company provide a specified notice on a hanger. This bill would eliminate the requirement that a designated employee be present. This bill would expand the circumstances in which a rental company's disclosure requirements for renters enrolled in the company's membership program are relieved when those specified conditions are met.

(8) Existing law, until January 1, 2020, requires a rental company or its registered agent to accept service of a summons and complaint and any other required documents against a renter who resides out of this country for an accident or collision resulting from the operation of the rental vehicle in this state, if the rental company provides liability insurance coverage as part of, or associated with, the rental agreement. Existing law requires any plaintiff who elects to serve the foreign renter by delivering the summons and complaint and any other required

documents to the rental company pursuant to these provisions to agree to limit his or her recovery against the foreign renter and rental company to the limits of the protection of the liability insurance.

This bill would remove the repeal of these requirements on January 1, 2020, thus making these requirements apply indefinitely.

(9) This bill would also make other technical, nonsubstantive changes by reorganizing several provisions and repealing obsolete provisions.

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 5.2 of Chapter 913 of the Statutes of 2014, 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) “Additional mandatory charges” means any charges imposed  
12 by a governmental entity that a renter must pay to hire or lease the  
13 vehicle for the period of time to which the rental rate applies,  
14 including, but not limited to, a customer facility charge, airport  
15 concession fee, tourism commission assessment, vehicle license  
16 recovery fee, or other government imposed taxes or fees.

17 (4) “Airport concession fee” means a charge collected by a  
18 rental company from a renter that is the renter’s proportionate  
19 share of the amount paid by the rental company to the owner or  
20 operator of an airport for the right or privilege of conducting a  
21 vehicle rental business on the airport’s premises.

22 (5) “Authorized driver” means all of the following:

23 (A) The renter.

24 (B) The renter’s spouse if that person is a licensed driver and  
25 satisfies the rental company’s minimum age requirement.

26 (C) The renter’s employer or coworker if he or she is engaged  
27 in business activity with the renter, is a licensed driver, and satisfies  
28 the rental company’s minimum age requirement.

1 (D) A person expressly listed by the rental company on that  
2 renter’s contract as an authorized driver.

3 (6) “Customer facility charge” means any fee, including an  
4 alternative fee, required by an airport to be collected by a rental  
5 company from a renter for any of the following purposes:

6 (i) To finance, design, and construct consolidated airport car  
7 rental facilities.

8 (ii) To finance, design, construct, and operate common-use  
9 transportation systems that move passengers between airport  
10 terminals and those consolidated car rental facilities, and acquire  
11 vehicles for use in that system.

12 (iii) To finance, design, and construct terminal modifications  
13 solely to accommodate and provide customer access to  
14 common-use transportation systems.

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

19 (8) “Electronic surveillance technology” means a technological  
20 method or system used to observe, monitor, or collect information,  
21 including telematics, Global Positioning System (GPS), wireless  
22 technology, or location-based technologies. “Electronic  
23 surveillance technology” does not include event data recorders  
24 (EDR), sensing and diagnostic modules (SDM), or other systems  
25 that are used either:

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

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

34 (9) “Estimated time for replacement” means the number of hours  
35 of labor, or fraction thereof, needed to replace damaged vehicle  
36 parts as set forth in collision damage estimating guides generally  
37 used in the vehicle repair business and commonly known as “crash  
38 books.”

1 (10) “Estimated time for repair” means a good faith estimate of  
2 the reasonable number of hours of labor, or fraction thereof, needed  
3 to repair damaged vehicle parts.

4 (11) “Membership program” means a service offered by a rental  
5 company that permits customers to bypass the rental counter and  
6 go directly to the car previously reserved. A membership program  
7 shall meet all of the following requirements:

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

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

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

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

19 (12) “Passenger vehicle” means a passenger vehicle as defined  
20 in Section 465 of the Vehicle Code.

21 (13) “Quote” means an estimated cost of rental provided by a  
22 rental company or a third party to a potential customer by  
23 telephone, in-person, computer-transmission, or other means, that  
24 is based on information provided by the potential customer and  
25 used to generate an estimated cost of rental, including, but not  
26 limited to, any of the following: potential dates of rental, locations,  
27 or classes of car.

28 (14) “Tourism commission assessment” means the charge  
29 collected by a rental company from a renter that has been  
30 established by the California Travel and Tourism Commission  
31 pursuant to Section 13995.65 of the Government Code.

32 (15) “Vehicle license fee” means the tax imposed pursuant to  
33 the Vehicle License Fee Law (Part 5 (commencing with Section  
34 10701) of Division 2 of the Revenue and Taxation Code).

35 (16) “Vehicle registration fee” means any fee imposed pursuant  
36 to any provision of Chapter 6 (commencing with Section 9101)  
37 of Division 3 of the Vehicle Code.

38 (17) “Vehicle license recovery fee” means a charge that seeks  
39 to recover the amount of any vehicle license fee and vehicle

1 registration fee paid by a rental company for the particular class  
2 of vehicle being rented.

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

6 (1) Physical or mechanical damage to the rented vehicle up to  
7 its fair market value, as determined in the customary market for  
8 the sale of that vehicle, regardless of the cause of the damage.

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

28 (3) Physical damage to the rented vehicle up to its fair market  
29 value, as determined in the customary market for the sale of that  
30 vehicle, resulting from vandalism occurring after, or in connection  
31 with, the theft of the rented vehicle. However, the renter shall have  
32 no liability for any damage due to vandalism if the renter would  
33 have no liability for theft pursuant to paragraph (2).

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

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

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

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

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

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

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

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

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

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

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

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

37 (6) The administrative charge described in paragraph (6) of  
38 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total  
39 estimated cost for parts and labor is more than one hundred dollars  
40 (\$100) up to and including five hundred dollars (\$500), (B) one

1 hundred dollars (\$100) if the total estimated cost for parts and  
2 labor exceeds five hundred dollars (\$500) up to and including one  
3 thousand five hundred dollars (\$1,500), and (C) one hundred fifty  
4 dollars (\$150) if the total estimated cost for parts and labor exceeds  
5 one thousand five hundred dollars (\$1,500). An administrative  
6 charge shall not be imposed if the total estimated cost of parts and  
7 labor is one hundred dollars (\$100) or less.

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

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

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

28 (4) If insurance coverage exists under the renter's applicable  
29 personal or business insurance policy and the coverage is confirmed  
30 during regular business hours, the renter may require that the rental  
31 company submit any claims to the renter's applicable personal or  
32 business insurance carrier. The rental company shall not make any  
33 written or oral representations that it will not present claims or  
34 negotiate with the renter's insurance carrier. For purposes of this  
35 paragraph, confirmation of coverage includes telephone  
36 confirmation from insurance company representatives during  
37 regular business hours. Upon request of the renter and after  
38 confirmation of coverage, the amount of claim shall be resolved  
39 between the insurance carrier and the rental company. The renter  
40 shall remain responsible for payment to the rental car company

1 for any loss sustained that the renter’s applicable personal or  
2 business insurance policy does not cover.

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

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

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

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

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

20 (1) Damage or loss results from an authorized driver’s (A)  
21 intentional, willful, wanton, or reckless conduct, (B) operation of  
22 the vehicle under the influence of drugs or alcohol in violation of  
23 Section 23152 of the Vehicle Code, (C) towing or pushing  
24 anything, or (D) operation of the vehicle on an unpaved road if  
25 the damage or loss is a direct result of the road or driving  
26 conditions.

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

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

36 (g) (1) A rental company that offers or provides a damage  
37 waiver for any consideration in addition to the rental rate shall  
38 clearly and conspicuously disclose the following information in  
39 the rental contract or holder in which the contract is placed and,  
40 also, in signs posted at the place, such as the counter, where the

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

19 (2) In addition to the requirements of paragraph (1), if a damage  
20 waiver is offered orally at the rental counter, a rental company  
21 shall orally disclose at the time of the offer, that the damage waiver  
22 may be duplicative of coverage that the customer maintains under  
23 his or her own policy of motor vehicle insurance. The renter's  
24 receipt of the oral disclosure shall be demonstrated through the  
25 renter's acknowledging receipt of the oral disclosure near that part  
26 of the contract where the renter indicates, by the renter's own  
27 initials, his or her acceptance or declination of the damage waiver.  
28 Adjacent to that same part, the contract also shall state that the  
29 damage waiver is optional. Further, the contract for these renters,  
30 and, if a damage waiver may be obtained online, the Internet Web  
31 site page on which an estimate of total charges is provided pursuant  
32 to subparagraph (A) of paragraph (2) of subdivision (m) for any  
33 reservation made through the rental company's online reservation  
34 system, shall include a clear and conspicuous written disclosure  
35 that the damage waiver may be duplicative of coverage that the  
36 customer maintains under his or her own policy of motor vehicle  
37 insurance. No oral disclosure shall be required for renters that are  
38 participants in the rental company's membership program.

39 (3) The following is an example, for purposes of illustration  
40 and not limitation, of a notice fulfilling the requirements of

1 paragraph (1) for a rental company that imposes liability on the  
2 renter for collision damage to the full value of the vehicle:

3

4 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
5 AND OPTIONAL DAMAGE WAIVER

6

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

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

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

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

24

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

28

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

31

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

34

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

37

38 (h) Notwithstanding any other provision of law, a rental  
39 company may sell a damage waiver subject to the following rate

1 limitations for each full or partial 24-hour rental day for the damage  
2 waiver:

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

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

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

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

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

35 (k) (1) In the absence of express permission granted by the  
36 renter subsequent to damage to, or loss of, the vehicle, a rental  
37 company shall not seek to recover any portion of a claim arising  
38 out of damage to, or loss of, the rented vehicle by processing a  
39 credit card charge or causing a debit or block to be placed on the  
40 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) (i) *The aggregate amount to be collected shall not exceed*  
9 *the reasonable costs, as determined by an audit, by an independent*  
10 *auditor, paid for by the airport, to finance, design, and construct*  
11 *those facilities. The auditor shall independently examine and*  
12 *substantiate the necessity for and the amount of the customer*  
13 *facility charge, including whether the airport's actual or projected*  
14 *costs are supported and justified, any steps the airport may take*  
15 *to limit costs, potential alternatives for meeting the airport's*  
16 *revenue needs other than the collection of the fee, and whether*  
17 *and to what extent car rental companies or other businesses or*  
18 *individuals using the facility or common-use transportation system*  
19 *may pay for the costs associated with these facilities and systems*  
20 *other than the fee from rental customers, or whether the airport*  
21 *did not comply with any provision of this subclause. Copies of the*  
22 *audit shall be provided to the Assembly and Senate Committees*  
23 *on Judiciary, the Assembly Committee on Transportation, and the*  
24 *Senate Committee on Transportation and Housing and shall be*  
25 *posted on the airport's Internet Web site. In the case of a customer*  
26 *facility charge for a common-use transportation system, the audit*  
27 *also shall consider the reasonable costs of providing the transit*  
28 *system or busing network. Any audit required by this subclause*  
29 *may be included as a part of an audit of an airport's finances.*  
30 *Notwithstanding clause (iii) of subparagraph (A) of paragraph*  
31 *(6) of subdivision (a), the fees designated as a customer facility*  
32 *charge shall not be used to pay for terminal expansion, gate*  
33 *expansion, runway expansion, changes in hours of operation, or*  
34 *changes in the number of flights arriving or departing from the*  
35 *airport.*

36 (ii) *Except as provided in clause (iii), the authorization given*  
37 *pursuant to this section for an airport to impose a customer facility*  
38 *charge shall become inoperative when the bonds used for financing*  
39 *are paid.*

1 (iii) *If a bond or other form of indebtedness is not used for*  
 2 *financing, or the bond or other form of indebtedness used for*  
 3 *financing has been paid, the Oakland International Airport may*  
 4 *require the collection of a customer facility charge for a period*  
 5 *of up to 10 years from the imposition of the charge for the purposes*  
 6 *allowed by, and subject to the conditions imposed by, this section.*

7 (H)

8 (J) 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 aggregate amount to be collected shall not exceed~~  
 23 ~~the reasonable costs, as determined by an audit, by an independent~~  
 24 ~~auditor, paid for by the airport, to finance, design, and construct~~  
 25 ~~those facilities. The auditor shall independently examine and~~  
 26 ~~substantiate the necessity for and the amount of the customer~~  
 27 ~~facility charge, including whether the airport's actual or projected~~  
 28 ~~costs are supported and justified, any steps the airport may take to~~  
 29 ~~limit costs, potential alternatives for meeting the airport's revenue~~  
 30 ~~needs other than the collection of the fee, and whether and to what~~  
 31 ~~extent car rental companies or other businesses or individuals using~~  
 32 ~~the facility or common-use transportation system may pay for the~~  
 33 ~~costs associated with these facilities and systems other than the~~  
 34 ~~fee from rental customers, or whether the airport did not comply~~  
 35 ~~with any provision of this subclause. Copies of the audit shall be~~  
 36 ~~provided to the Assembly and Senate Committees on Judiciary,~~  
 37 ~~the Assembly Committee on Transportation, and the Senate~~  
 38 ~~Committee on Transportation and Housing and shall be posted on~~  
 39 ~~the airport's Internet Web site. In the case of a customer facility~~  
 40 ~~charge for a common-use transportation system, the audit also~~

1 shall consider the reasonable costs of providing the transit system  
2 or busing network. Any audit required by this subclause may be  
3 included as a part of an audit of an airport's finances.  
4 Notwithstanding clause (iii) of subparagraph (A) of paragraph (6)  
5 of subdivision (a), the fees designated as a customer facility charge  
6 shall not be used to pay for terminal expansion, gate expansion,  
7 runway expansion, changes in hours of operation, or changes in  
8 the number of flights arriving or departing from the airport.

9 ~~(II) Except as provided in subclause (III), the authorization~~  
10 ~~given pursuant to this section for an airport to impose a customer~~  
11 ~~facility charge shall become inoperative when the bonds used for~~  
12 ~~financing are paid.~~

13 ~~(III) If a bond or other form of indebtedness is not used for~~  
14 ~~financing, or the bond or other form of indebtedness used for~~  
15 ~~financing has been paid, the Oakland International Airport may~~  
16 ~~require the collection of a customer facility charge for a period of~~  
17 ~~up to 10 years from the imposition of the charge for the purposes~~  
18 ~~allowed by, and subject to the conditions imposed by, this section.~~

19 *(ii) (I) The airport shall complete the audit required by clause*  
20 *(i) of subclause (I) prior to the initial collection of the customer*  
21 *facility charge.*

22 ~~(IV)~~

23 *(II)* Notwithstanding Section 10231.5 of the Government Code,  
24 copies of the audit shall be provided to the Assembly and Senate  
25 Committees on Judiciary, the Assembly Committee on  
26 Transportation, and the Senate Committee on Transportation and  
27 Housing and shall be posted on the airport's Internet Web site.

28 ~~(V)~~

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

37 ~~(VI)~~

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

18 ~~(VII)~~

19 (V) This section shall not be construed to require an airport to  
 20 audit a common-use transportation system not financed by a  
 21 customer facility charge and used for the purposes permitted  
 22 pursuant to clause (ii) of subparagraph (A) of paragraph (6) of  
 23 subdivision (a).

24 ~~(VIII)~~

25 (VI) 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 (6) 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) When providing a quote, or imposing charges for a  
15 rental, the rental company may separately state the rental rate,  
16 additional mandatory charges, if any, and a mileage charge, if any,  
17 that a renter must pay to hire or lease the vehicle for the period of  
18 time to which the rental rate applies.

19 (2) If additional mandatory charges are imposed, the rental  
20 company shall do each of the following:

21 (A) At the time the quote is given, provide the person receiving  
22 the quote with a good faith estimate of the rental rate and all  
23 additional mandatory charges, as well as the total charges for the  
24 entire rental. The total charges, if provided on an Internet Web site  
25 page, shall be displayed in a typeface at least as large as any rental  
26 rate disclosed on that page and shall be provided on a page that  
27 the person receiving the quote may reach by following links  
28 through no more than two Internet Web site pages, including the  
29 page on which the rental rate is first provided. The good faith  
30 estimate may exclude mileage charges and charges for optional  
31 items that cannot be determined prior to completing the reservation  
32 based upon the information provided by the person.

33 (B) At the time and place the rental commences, clearly and  
34 conspicuously disclose in the rental contract, or that portion of the  
35 contract that is provided to the renter, the total of the rental rate,  
36 additional mandatory charges, for the entire rental, exclusive of  
37 charges that cannot be determined at the time the rental  
38 commences. Charges imposed pursuant to this subparagraph shall  
39 be no more than the amount of the quote provided in a confirmed

1 reservation, unless the person changes the terms of the rental  
2 contract subsequent to making the reservation.

3 (C) Provide each person, other than those persons within the  
4 rental company, offering quotes to actual or prospective customers  
5 access to information about additional mandatory charges, as well  
6 as access to information about when those charges apply. Any  
7 person providing quotes to actual or prospective customers for the  
8 hire or lease of a vehicle from a rental company shall provide the  
9 quotes in the manner described in subparagraph (A).

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

26 (4) A rental company shall not charge a fee for authorized  
27 drivers in addition to the rental charge for an individual renter.

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

36 (6) All rate advertisements that include car rentals at airport  
37 destinations shall clearly and conspicuously include a toll-free  
38 telephone number whereby a customer can be told the specific  
39 amount of the customer facility charge to which the customer will  
40 be obligated.

1 (7) 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 (8) Except as otherwise permitted pursuant to the customer  
11 facility charge, a rental company may not separately charge, in  
12 addition to the rental rate, a fee for transporting the renter to the  
13 location where the rented vehicle will be delivered to the renter.

14 (n) A rental company shall not use any information relating to  
15 the renter's use of the rental vehicle that was obtained using  
16 electronic surveillance technology, except in the following  
17 circumstances:

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

21 (i) The renter or law enforcement has informed the rental  
22 company that the vehicle is missing or has been stolen or  
23 abandoned.

24 (ii) The rental vehicle has not been returned following three  
25 days after the contracted return date, or by three days following  
26 the end of an extension of that return date.

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

32 (B) If electronic surveillance technology is activated pursuant  
33 to subparagraph (A), a rental company shall maintain a record, in  
34 either electronic or written form, of information relevant to the  
35 activation of that technology. That information shall include the  
36 rental agreement, including the return date, and the date and time  
37 the electronic surveillance technology was activated. The record  
38 shall also include, if relevant, a record of written or other  
39 communication with the renter, including communications  
40 regarding extensions of the rental, police reports, or other written

1 communication with law enforcement officials. The record shall  
2 be maintained for a period of at least 12 months from the time the  
3 record is created and shall be made available upon the renter's  
4 request. The rental company shall maintain and furnish explanatory  
5 codes necessary to read the record. A rental company shall not be  
6 required to maintain a record if electronic surveillance technology  
7 is activated to recover a rental vehicle that is stolen or missing at  
8 a time other than during a rental period.

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

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

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

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

34 (6) This subdivision does not prohibit a rental company from  
35 using information from electronic surveillance technology for the  
36 purpose of determining the date and time the vehicle is returned  
37 to the rental company, the return location, the total mileage driven  
38 and the vehicle fuel level of the returned vehicle. This paragraph,  
39 however, shall apply only after the renter has returned the vehicle  
40 to the rental company, or is at one of the rental companies

1 *company's* facilities and is in the process of returning the vehicle,  
2 and the information shall only be used for the purpose described  
3 in this paragraph.

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

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

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

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

20 (1) Prior to the enrollee's first rental as a participant in the  
21 program, the renter receives, in writing, the following:

22 (A) All of the disclosures required by paragraph (1) of  
23 subdivision (g), including the terms and conditions of the rental  
24 agreement then in effect.

25 (B) An Internet Web site address, as well as a contact number  
26 or address, where the enrollee can learn of changes to the rental  
27 agreement or to the laws of this state governing rental agreements  
28 since the effective date of the rental company's most recent  
29 restatement of the rental agreement and distribution of that  
30 restatement to its members.

31 (2) At the commencement of each rental period, the renter is  
32 provided, on the rental record or the folder in which it is inserted,  
33 with a printed notice stating that he or she had either previously  
34 selected or declined an optional damage waiver and that the renter  
35 has the right to change preferences.

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

1 (u) (1) When a rental company enters into a rental agreement  
2 in the state for the rental of a vehicle to any renter who is not a  
3 resident of this country and, as part of, or associated with, the rental  
4 agreement, the renter purchases liability insurance, as defined in  
5 subdivision (b) of Section 1758.85 of the Insurance Code, from  
6 the rental company in its capacity as a rental car agent for an  
7 authorized insurer, the rental company shall be authorized to accept,  
8 and, if served as set forth in this subdivision, shall accept, service  
9 of a summons and complaint and any other required documents  
10 against the foreign renter for any accident or collision resulting  
11 from the operation of the rental vehicle within the state during the  
12 rental period. If the rental company has a registered agent for  
13 service of process on file with the Secretary of State, process shall  
14 be served on the rental company's registered agent, either by  
15 first-class mail, return receipt requested, or by personal service.

16 (2) Within 30 days of acceptance of service of process, the rental  
17 company shall provide a copy of the summons and complaint and  
18 any other required documents served in accordance with this  
19 subdivision to the foreign renter by first-class mail, return receipt  
20 requested.

21 (3) Any plaintiff, or his or her representative, who elects to serve  
22 the foreign renter by delivering a copy of the summons and  
23 complaint and any other required documents to the rental company  
24 pursuant to paragraph (1) shall agree to limit his or her recovery  
25 against the foreign renter and the rental company to the limits of  
26 the protection extended by the liability insurance.

27 (4) Notwithstanding the requirements of Sections 17450 to  
28 17456, inclusive, of the Vehicle Code, service of process in  
29 compliance with paragraph (1) shall be deemed valid and effective  
30 service.

31 (5) Notwithstanding any other provision of law, the requirement  
32 that the rental company accept service of process pursuant to  
33 paragraph (1) shall not create any duty, obligation, or agency  
34 relationship other than that provided in paragraph (1).

35 SEC. 2. Section 1936 of the Civil Code, as amended by Section  
36 5.7 of Chapter 913 of the Statutes of 2014, is repealed.

37 SEC. 3. Section 1936.01 of the Civil Code is repealed.

38 SEC. 4. Section 1936.015 of the Civil Code is repealed.

39 SEC. 5. Section 1936.05 of the Civil Code is amended to read:  
40 1936.05. (a) For purposes of this section:

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

3 (2) “Business program” means (A) a contract between a rental  
4 company and a business program sponsor that has established the  
5 per period base rental rate, and any other material terms relating  
6 to additional charges, on which the rental company will rent  
7 passenger vehicles to persons authorized by the sponsor, or (B) a  
8 plan, program, or other arrangement established by a rental  
9 company at the request of, or with the consent of, a business  
10 program sponsor under which the rental company offers to rent  
11 passenger vehicles to persons authorized by the sponsor at per  
12 period base rental rates, and any other material terms relating to  
13 additional charges, that are not the same as those generally offered  
14 by the rental company to the public.

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

18 (4) “Business renter” means, for any business program sponsor,  
19 a person who is authorized by the sponsor, through the use of an  
20 identifying number or program name or code, to enter into a rental  
21 contract under the sponsor’s business program. In no case shall  
22 the term “business renter” include a person renting as: (A) a  
23 nonemployee member of a not-for-profit organization, (B) the  
24 purchaser of a voucher or other prepaid rental arrangement from  
25 a person, including a tour operator, engaged in the business of  
26 reselling those vouchers or prepaid rental arrangements to the  
27 general public, (C) an individual whose car rental is eligible for  
28 reimbursement in whole or in part as a result of the person being  
29 insured or provided coverage under a policy of insurance issued  
30 by an insurance company, or (D) an individual whose car rental  
31 is eligible for reimbursement in whole or in part as a result of the  
32 person purchasing passenger vehicle repair services from a person  
33 licensed to perform such services.

34 (5) “Qualified business rental” under a business program  
35 established for a business program sponsor by a rental company  
36 means the rental of a passenger vehicle under the business program  
37 if either (A) in the 12-month period ending on the date of the rental  
38 or in the calendar year immediately preceding the year in which  
39 the rental occurs, the rentals under all business programs  
40 established by the rental company for the business program sponsor

1 and its affiliates produced gross rental revenues in excess of  
2 twenty-five thousand dollars (\$25,000) or (B) the rental company  
3 in good faith estimates that rentals under all the business programs  
4 established by the rental company for the business program sponsor  
5 and its affiliates will produce gross rental revenues in excess of  
6 twenty-five thousand dollars (\$25,000) in the 12-month period  
7 commencing with the date of the rental or in the calendar year in  
8 which the rental occurs. The rental company has the burden of  
9 establishing by objectively verifiable evidence that the rental was  
10 a qualified business rental.

11 (6) "Quote" means telephonic, in-person, and  
12 computer-transmitted quotations.

13 (b) Notwithstanding any provision to the contrary contained in  
14 subdivision (m) of Section 1936, a rental car company may, in  
15 connection with the qualified business rental of a passenger vehicle  
16 to a business renter of a business program sponsor under the  
17 sponsor's business program, do both of the following:

18 (1) Separately quote additional charges for the rental if, at the  
19 time the quote is provided, the person receiving the quote is also  
20 provided a good faith estimate of the total of all the charges for  
21 the entire rental. The estimate may exclude mileage charges and  
22 charges for optional items and services that cannot be determined  
23 prior to completing the reservation based upon the information  
24 provided by the renter.

25 (2) Separately impose additional charges for the rental, if the  
26 rental contract, or another document provided to the business renter  
27 at the time and place the rental commences, clearly and  
28 conspicuously discloses the total of all the charges for the entire  
29 rental, exclusive of charges that cannot be determined at the time  
30 the rental commences.

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

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

37 (e) Nothing in this section shall be interpreted to mean that a  
38 rental company is not required to comply with the requirements  
39 of paragraphs (2) to (6), inclusive, of subdivision (m) of Section  
40 1936.

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- 2 **CORRECTIONS:**
- 3 **Text—Page 15.**
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