

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2051

Introduced by Assembly Member O'Donnell

February 17, 2016

An act to add Chapter 1.5 (commencing with Section 1939.01) to Title 5 of Part 4 of Division 3 of, and to repeal Sections 1936, 1936.05, 1936.1, and 1936.5 of, the Civil Code, and to amend Section 50474.1 of, and to add Sections 50474.21, 50474.22, 50474.3, and 50474.4 to, the Government Code, relating to rental passenger vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 2051, as amended, O'Donnell. Rental passenger vehicles.

(1) Existing law generally governs the transactions between a rental car company, also referred to as a rental company, and its customers, including, among other provisions, required disclosures by a rental company, mandatory contract provisions for a vehicle rental agreement, restrictions on a rental company's use of electronic surveillance technology, and authorization for a rental company to collect specific types of fees and charges from its customers. Existing law defines terms for its purposes.

This bill, among other things, would recast and reorganize these provisions, would modify definitions and terms for uniformity, and would make conforming changes.

~~(2) Existing law, as part of the restrictions on the use of electronic surveillance technology referenced above, prohibits a rental car company from using, accessing, or obtaining any information relating to the~~

~~renter's use of the rental vehicle that was obtained using electronic surveillance technology unless certain conditions are met, including that the rental vehicle has not been returned following one week after the contracted return date, or by one week following the end of an extension of that return date.~~

~~This bill would instead authorize a rental car company to use, access, or obtain that information if the rental vehicle has not been returned following 3 calendar days after the contracted return date, or by 3 calendar days following the end of an extension of that return date. The bill would further authorize a rental company, in connection with a qualified business rental under a business program, to use technology, including electronic surveillance technology, to determine specific information for the sole purposes of commencing and concluding the rental.~~

~~(3)~~

~~(2) Existing law, as part of the required disclosures referenced above, requires a rental company's rental rate advertisements to include a clearly readable statement of the charge for a damage waiver, a statement that a damage waiver is optional, and a specific disclaimer regarding additional mandatory charges. Existing law also provides that a rental company's disclosure requirements are satisfied for renters enrolled in the rental company's membership program if certain conditions are met, including, among others, a requirement that the rental company provide, prior to the commencement of each rental period, a rearview mirror hanger containing a disclosure and form regarding the collision damage waiver offered by the rental company, as specified. *met*.~~

~~This bill would discontinue the requirement that a rental company provide that hanger. *revise the definition of membership program to include the ability to select an alternative vehicle.* The bill would require a rental rate advertisement to instead include a statement that additional charges may apply if an optional good or service, such as a damage waiver, is purchased, and to comply with a revised disclaimer requirement regarding additional mandatory charges. The bill would require a person or entity, that is not a rental company, that advertises a vehicle rental rate that includes additional mandatory charges, to clearly disclose the charges. The bill would provide that a rental company that provides a person or entity with information on the charges and rental rate is not responsible for the person's or entity's failure to comply with this requirement.~~

~~(4)~~

(3) Existing law authorizes airports to require rental companies to collect a customer facility charge for specified purposes and requires airports to provide certain audits and reports regarding those fees to specified committees of the Legislature.

This bill also would recast and reorganize these provisions, including establishing authority for a certain airport to charge those same fees for additional specified purposes.

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 is repealed.
- 2 SEC. 2. Section 1936.05 of the Civil Code is repealed.
- 3 SEC. 3. Section 1936.1 of the Civil Code is repealed.
- 4 SEC. 4. Section 1936.5 of the Civil Code is repealed.
- 5 SEC. 5. Chapter 1.5 (commencing with Section 1939.01) is
- 6 added to Title 5 of Part 4 of Division 3 of the Civil Code, to read:

- 7
- 8 CHAPTER 1.5. RENTAL PASSENGER VEHICLE TRANSACTIONS
- 9

10 1939.01. For the purpose of this chapter, the following

11 definitions shall apply:

- 12 (a) "Rental company" means a person or entity in the business
- 13 of renting passenger vehicles to the public.
- 14 (b) "Renter" means any person in a manner obligated under a
- 15 contract for the lease or hire of a passenger vehicle from a rental
- 16 company for a period of less than 30 days.
- 17 (c) "Additional mandatory charges" means any separately stated
- 18 charges that the rental company requires the renter to pay to hire
- 19 or lease the vehicle for the period of time to which the rental rate
- 20 applies, which are imposed by a governmental entity and
- 21 specifically relate to the operation of a rental vehicle business,
- 22 including, but not limited to, a customer facility charge, airport
- 23 concession fee, tourism commission assessment, vehicle license
- 24 recovery fee, or other ~~government-imposed~~ *government-imposed*
- 25 taxes or fees.
- 26 (d) "Airport concession fee" means a charge collected by a
- 27 rental company from a renter that is the renter's proportionate
- 28 share of the amount paid by the rental company to the owner or

- 1 operator of an airport for the right or privilege of conducting a
2 vehicle rental business on the airport’s premises.
- 3 (e) “Authorized driver” means all of the following:
- 4 (1) The renter.
- 5 (2) The renter’s spouse, if that person is a licensed driver and
6 satisfies the rental company’s minimum age requirement.
- 7 (3) The renter’s employer or coworker, if he or she is engaged
8 in business activity with the renter, is a licensed driver, and satisfies
9 the rental company’s minimum age requirement.
- 10 (4) A person expressly listed by the rental company on that
11 renter’s contract as an authorized driver.
- 12 (f) “Customer facility charge” means any fee, including an
13 alternative fee, required by an airport to be collected by a rental
14 company from a renter pursuant to Section 50474.21 or 50474.22
15 of the Government Code.
- 16 (g) “Damage waiver” means a rental company’s agreement not
17 to hold a renter liable for all or any portion of any damage or loss
18 related to the rented vehicle, any loss of use of the rented vehicle,
19 or any storage, impound, towing, or administrative charges.
- 20 (h) “Electronic surveillance technology” means a technological
21 method or system used to observe, monitor, or collect information,
22 including telematics, Global Positioning System (GPS), wireless
23 technology, or location-based technologies. “Electronic
24 surveillance technology” does not include event data recorders
25 (EDR), sensing and diagnostic modules (SDM), or other systems
26 that are used either:
- 27 (1) For the purpose of identifying, diagnosing, or monitoring
28 functions related to the potential need to repair, service, or perform
29 maintenance on the rental vehicle.
- 30 (2) As part of the vehicle’s airbag sensing and diagnostic system
31 in order to capture safety systems-related data for retrieval after a
32 crash has occurred or in the event that the collision sensors are
33 activated to prepare the decisionmaking computer to make the
34 determination to deploy or not to deploy the airbag.
- 35 (i) “Estimated time for replacement” means the number of hours
36 of labor, or fraction thereof, needed to replace damaged vehicle
37 parts as set forth in collision damage estimating guides generally
38 used in the vehicle repair business and commonly known as “crash
39 books.”

1 (j) “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 (k) “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 vehicle previously ~~reserved~~. *reserved or select*
7 *an alternate vehicle*. A membership program shall meet all of the
8 following requirements:

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

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

15 (3) The renter may terminate enrollment at any time.

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

20 (5) ~~A designated employee is present~~ *An employee is available*
21 at the lot where the renter takes possession of the vehicle, to receive
22 any change in the rental agreement from the renter.

23 (l) “Passenger vehicle” or “vehicle” means a “passenger vehicle”
24 as defined in Section 465 of the Vehicle Code.

25 (m) “Quote” means an estimated cost of rental provided by a
26 rental company or a third party to a potential customer that is based
27 on information provided by the potential customer and used to
28 generate an estimated cost of rental, including, but not limited to,
29 potential dates of rental, locations, or classes of vehicle.

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

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

37 (p) “Vehicle registration fee” means any fee imposed pursuant
38 to any provision of Chapter 6 (commencing with Section 9101)
39 of Division 3 of the Vehicle Code or any other law that imposes
40 a fee upon the registration of vehicles in this state.

1 (q) “Vehicle license recovery fee” means a charge that seeks to
2 recover the amount of any vehicle license fee and vehicle
3 registration fee paid by a rental company for the particular class
4 of vehicle being rented. *If imposed, the vehicle license recovery*
5 *fee shall be separately stated as a single charge in the quote and*
6 *rental contract.*

7 1939.03. Except as limited by Section 1939.05, a rental
8 company and a renter may agree that the renter will be responsible
9 for no more than all of the following:

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

14 (b) Loss due to theft of the rented vehicle up to its fair market
15 value, as determined in the customary market for the sale of that
16 vehicle, provided that the rental company establishes by clear and
17 convincing evidence that the renter or the authorized driver failed
18 to exercise ordinary care while in possession of the vehicle. In
19 addition, the renter shall be presumed to have no liability for any
20 loss due to theft if (1) an authorized driver has possession of the
21 ignition key furnished by the rental company or an authorized
22 driver establishes that the ignition key furnished by the rental
23 company was not in the vehicle at the time of the theft, and (2) an
24 authorized driver files an official report of the theft with the police
25 or other law enforcement agency within 24 hours of learning of
26 the theft and reasonably cooperates with the rental company and
27 the police or other law enforcement agency in providing
28 information concerning the theft. The presumption set forth in this
29 subdivision is a presumption affecting the burden of proof which
30 the rental company may rebut by establishing that an authorized
31 driver committed, or aided and abetted the commission of, the
32 theft.

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

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

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

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

9 1939.05. (a) The total amount of the renter's liability to the
10 rental company resulting from damage to the rented vehicle shall
11 not exceed the sum of the following:

12 (1) The estimated cost of parts which the rental company would
13 have to pay to replace damaged vehicle parts.

14 (2) The estimated cost of labor to replace damaged vehicle parts,
15 which shall not exceed the product of (A) the rate for labor usually
16 paid by the rental company to replace vehicle parts of the type that
17 were damaged and (B) the estimated time for replacement.

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

20 (A) The product of the rate for labor usually paid by the rental
21 company to repair vehicle parts of the type that were damaged and
22 the estimated time for repair.

23 (B) The sum of the estimated labor and parts costs determined
24 under paragraphs (1) and (2) to replace the same vehicle parts.

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

27 (b) For purposes of subdivision (a), all discounts and price
28 reductions or adjustments that are or will be received by the rental
29 company shall be subtracted from the estimate to the extent not
30 already incorporated in the estimate, or otherwise promptly credited
31 or refunded to the renter.

32 (c) 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 (d) The administrative charge described in subdivision (f) of
36 Section 1939.03 shall not exceed (1) fifty dollars (\$50) if the total
37 estimated cost for parts and labor is more than one hundred dollars
38 (\$100) up to and including five hundred dollars (\$500), (2) one
39 hundred dollars (\$100) if the total estimated cost for parts and
40 labor exceeds five hundred dollars (\$500) up to and including one

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

6 (e) The total amount of an authorized driver’s liability to the
7 rental company, if any, for damage occurring during the authorized
8 driver’s operation of the rented vehicle shall not exceed the amount
9 of the renter’s liability under this section.

10 (f) A rental company shall not recover from an authorized driver
11 an amount exceeding the renter’s liability under this section.

12 1939.07. (a) A claim against a renter resulting from damage
13 or loss, excluding loss of use, to a rental vehicle shall be reasonably
14 and rationally related to the actual loss incurred. A rental company
15 shall mitigate damages where possible and shall not assert or collect
16 a claim for physical damage which exceeds the actual costs of the
17 repairs performed or the estimated cost of repairs, if the rental
18 company chooses not to repair the vehicle, including all discounts
19 and price reductions. However, if the vehicle is a total loss vehicle,
20 the claim shall not exceed the total loss vehicle value established
21 in accordance with procedures that are customarily used by
22 insurance companies when paying claims on total loss vehicles,
23 less the proceeds from salvaging the vehicle, if those proceeds are
24 retained by the rental company.

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

1 (c) A rental company shall not recover from an authorized driver
2 for an item described in Section 1939.03 to the extent the rental
3 company obtains recovery from another person.

4 (d) This chapter applies only to the maximum liability of an
5 authorized driver to the rental company resulting from damage to
6 the rented vehicle and not to the liability of another person.

7 1939.09. (a) (1) Except as provided in subdivision (b), a
8 damage waiver shall provide or, if not expressly stated in writing,
9 shall be deemed to provide that the renter has no liability for
10 damage, loss, loss of use, or a cost or expense incident thereto.

11 (2) Except as provided in subdivision (b), every limitation,
12 exception, or exclusion to a damage waiver is void and
13 unenforceable.

14 (b) A rental company may provide in the rental contract that a
15 damage waiver does not apply under any of the following
16 circumstances:

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

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

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

33 (c) (1) A rental company that offers or provides a damage
34 waiver for any consideration in addition to the rental rate shall
35 clearly and conspicuously disclose the following information in
36 the rental contract or holder in which the contract is placed and,
37 also, in signs posted at the ~~place~~ *location* where the renter signs
38 the rental contract, and, for renters who are enrolled in the rental
39 company's membership program, in a sign that shall be posted in
40 a location clearly visible to those renters as they enter the location

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

16 (2) In addition to the requirements of paragraph (1), a rental
17 company that offers or provides a damage waiver shall orally
18 disclose to all renters, except those who are participants in the
19 rental company's membership program, that the damage waiver
20 may be duplicative of coverage that the customer maintains under
21 his or her own policy of motor vehicle insurance. The renter shall
22 acknowledge receipt of the oral disclosure near that part of the
23 contract where the renter indicates, by the renter's own initials,
24 his or her acceptance or declination of the damage waiver. Adjacent
25 to that same part, the contract also shall state that the damage
26 waiver is optional. Further, the contract for these renters shall
27 include a clear and conspicuous written disclosure that the damage
28 waiver may be duplicative of coverage that the customer maintains
29 under his or her own policy of motor vehicle insurance.

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

34
35 "NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY
36 AND OPTIONAL DAMAGE WAIVER

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

1 Your own insurance, or the issuer of the credit card you use to
2 pay for the vehicle rental transaction, may cover all or part of your
3 financial responsibility for the rented vehicle. You should check
4 with your insurance company, or credit card issuer, to find out
5 about your coverage and the amount of the deductible, if any, for
6 which you may be liable.

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

11 The rental company will not hold you responsible if you buy a
12 damage waiver. But a damage waiver will not protect you if (list
13 exceptions).”

14
15 (B) When the notice in subparagraph (A) is printed in the rental
16 contract or holder in which the contract is placed, the following
17 shall be printed immediately following the notice:

18
19 “The cost of an optional damage waiver is \$____ for every (day
20 or week).”

21
22 (C) When the notice in subparagraph (A) appears on a sign, the
23 following shall appear immediately adjacent to the notice:

24
25 “The cost of an optional damage waiver is \$____ to \$____ for
26 every (day or week), depending upon the vehicle rented.”

27
28 (d) Notwithstanding any other law, a rental company may sell
29 a damage waiver subject to the following rate limitations for each
30 full or partial 24-hour rental day for the damage waiver:

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

37 (2) For rental vehicles that the rental company designates as an
38 “intermediate car,” “standard car,” or “full-size car,” or another
39 term having similar meaning to the next three body-size categories
40 of vehicles established by the Association of Car Rental Industry

1 Systems Standards for North America, as of January 1, 2014, and
2 that are also either vehicles of the next model-year, or not older
3 than the previous year's model, when offered for rental, the rate
4 shall not exceed seventeen dollars (\$17). For rental vehicles that
5 are older than the previous year's model-year, the rate shall not
6 exceed eleven dollars (\$11).

7 1939.13. (a) A rental company shall not require the purchase
8 of a damage waiver, optional insurance, or another optional good
9 or service.

10 (b) A rental company shall not engage in any unfair, deceptive,
11 or coercive conduct to induce a renter to purchase the damage
12 waiver, optional insurance, or another optional good or service,
13 including conduct such as, but not limited to, refusing to honor
14 the renter's reservation, limiting the availability of vehicles,
15 requiring a deposit, or debiting or blocking the renter's credit card
16 account for a sum equivalent to a deposit if the renter declines to
17 purchase the damage waiver, optional insurance, or another
18 optional good or service.

19 1939.15. (a) In the absence of express permission granted by
20 the renter subsequent to damage to, or loss of, the rented vehicle,
21 a rental company shall not seek to recover any portion of a claim
22 arising out of damage to, or loss of, the vehicle by processing a
23 credit card charge or causing a debit or block to be placed on the
24 renter's credit card account.

25 (b) A rental company shall not engage in any unfair, deceptive,
26 or coercive tactics in attempting to recover or in recovering on any
27 claim arising out of damage to, or loss of, the rented vehicle.

28 1939.17. A customer facility charge or alternative customer
29 facility charge may be collected by a rental company pursuant to
30 Section 50474.3 or 50474.4 of the Government Code.

31 1939.19. (a) When providing a quote, or imposing charges for
32 a rental, the rental company may separately state the rental rate,
33 additional mandatory charges, if any, and a mileage charge, if any,
34 that a renter must pay to hire or lease the vehicle for the period of
35 time to which the rental rate applies. A rental company shall not
36 charge in addition to the rental rate, additional mandatory charges,
37 or a mileage charge, as those may be applicable, any other fee that
38 is required to be paid by the renter as a condition of hiring or
39 leasing the vehicle.

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

3 (1) At the time the quote is given, provide the person receiving
4 the quote with a good faith estimate of the rental rate and all
5 additional mandatory charges, as well as the total charges for the
6 entire rental. The total charges, if provided on an Internet Web site
7 page, shall be displayed in a typeface at least as large as any rental
8 rate disclosed on that page and shall be provided on a page that
9 the person receiving the quote may reach by following ~~links~~
10 ~~through no more than two Internet Web site pages, including a~~
11 *link directly from* the page on which the rental rate is first provided.
12 The good faith estimate may exclude mileage charges and charges
13 for optional items that cannot be determined prior to completing
14 the reservation based upon the information provided by the person.

15 (2) At the time and place the rental commences, clearly and
16 conspicuously disclose in the rental contract, or that portion of the
17 contract that is provided to the renter, the total of the rental rate
18 and additional mandatory charges, for the entire rental, exclusive
19 of charges that cannot be determined at the time the rental
20 commences. Charges imposed pursuant to this paragraph shall be
21 no more than the amount of the quote provided in a confirmed
22 reservation, unless the person changes the terms of the rental
23 contract subsequent to making the reservation.

24 (3) Provide each person, other than those persons within the
25 rental company, offering quotes to actual or prospective customers
26 access to information about additional mandatory charges, as well
27 as access to information about when those charges apply. Any
28 person providing quotes to actual or prospective customers for the
29 hire or lease of a vehicle from a rental company shall provide the
30 quotes in the manner described in paragraph (1).

31 (c) In addition to the rental rate, taxes, additional mandatory
32 charges, if any, and mileage charges, if any, a rental company may
33 charge for an item or service provided in connection with a
34 particular rental transaction if the renter could have avoided
35 incurring the charge by choosing not to obtain or utilize the
36 optional item or service. Items and services for which the rental
37 company may impose an additional charge include, but are not
38 limited to, optional insurance and accessories requested by the
39 renter, service charges incident to the renter's optional return of
40 the vehicle to a location other than the location where the vehicle

1 was hired or leased, and charges for refueling the vehicle at the
2 conclusion of the rental transaction in the event the renter did not
3 return the vehicle with as much fuel as was in the fuel tank at the
4 beginning of the rental. A rental company also may impose an
5 additional charge based on reasonable age criteria established by
6 the rental company.

7 (d) A rental company shall not charge a fee for authorized
8 drivers in addition to the rental charge for an individual renter.

9 (e) If a rental company states a rental rate in print advertisement
10 or in a quotation, the rental company shall disclose clearly in that
11 advertisement or quotation the terms of mileage ~~conditions~~,
12 *conditions relating to the advertised for quoted rental rate*,
13 including, but not limited to, to the extent applicable, the amount
14 of mileage and gas charges, the number of miles for which no
15 charges will be imposed, and a description of geographic driving
16 limitations within the United States and Canada.

17 (f) All rate advertisements shall include a disclaimer, which
18 shall be prominently displayed, providing that additional mandatory
19 charges may be imposed, including, but not limited to, airport fees,
20 tourism fees, vehicle license recovery fees, or other government
21 imposed taxes or fees, and indicating that this ~~information~~
22 *information, including an estimate of the total rental cost*, is
23 displayed on the rental company's Internet Web site. All rate
24 advertisements shall also include a statement that additional charges
25 may apply if an optional good or service, such as a damage waiver,
26 is purchased.

27 (g) If any person or entity other than a rental company, including
28 a passenger carrier or a seller of travel services, advertises a rental
29 rate for a vehicle rental that includes additional mandatory charges,
30 that person or entity shall clearly disclose the existence and amount
31 of the charges. If a rental company provides the person or entity
32 with rental rate and additional mandatory charges information, the
33 rental car company is not responsible for the failure of that person
34 or entity to comply with this subdivision.

35 (h) 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 shall not charge the renter an
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 shall not
2 charge the renter an amount for the rental for the period after the
3 renter notifies the rental company to pick up the vehicle.

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

8 1939.21. (a) For purposes of this section:

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

11 (2) “Business program” means either of the following:

12 (A) A contract between a rental company and a business
13 program sponsor that has established the per period base rental
14 rate, and any other material terms relating to additional charges,
15 on which the rental company will rent passenger vehicles to persons
16 authorized by the sponsor.

17 (B) A plan, program, or other arrangement established by a
18 rental company at the request of, or with the consent of, a business
19 program sponsor under which the rental company offers to rent
20 passenger vehicles to persons authorized by the sponsor at per
21 period base rental rates, and any other material terms relating to
22 additional charges, that are not the same as those generally offered
23 by the rental company to the public.

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

27 (4) “Business renter” means, for any business program sponsor,
28 a person who is authorized by the sponsor, through the use of an
29 identifying number or program name or code, to enter into a rental
30 contract under the sponsor’s business program. In no case shall
31 the term “business renter” include a person renting as any of the
32 following:

33 (A) A nonemployee member of a not-for-profit organization.

34 (B) The purchaser of a voucher or other prepaid rental
35 arrangement from a person, including a tour operator, engaged in
36 the business of reselling those vouchers or prepaid rental
37 arrangements to the general public.

38 (C) An individual whose vehicle rental is eligible for
39 reimbursement in whole or in part as a result of the person being

1 insured or provided coverage under a policy of insurance issued
 2 by an insurance company.

3 (D) An individual whose vehicle rental is eligible for
 4 reimbursement in whole or in part as a result of the person
 5 purchasing passenger vehicle repair services from a person licensed
 6 to perform such services.

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

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

26 (b) Notwithstanding any provision to the contrary contained in
 27 Section 1939.19 or 1939.23, a rental company may, in connection
 28 with the qualified business rental of a passenger vehicle to a
 29 business renter of a business program sponsor under the sponsor’s
 30 business program, do ~~at~~ *both* of the following:

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

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

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

4 ~~(3) Use technology, including electronic surveillance technology,
5 or information obtained from the use of the technology, to
6 determine the date and time the vehicle departs from, or is returned
7 to, the rental company, for the sole purposes of commencing and
8 concluding the rental.~~

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

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

15 (e) This section shall not be interpreted to mean that a rental
16 company is not required to comply with the requirements of
17 subdivisions (c) to (h), inclusive, of Section 1939.19.

18 1939.23. (a) A rental company shall not use, access, or obtain
19 any information relating to the renter's use of the rental vehicle
20 that was obtained using electronic surveillance technology, except
21 in the following circumstances:

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

25 (i) The renter or law enforcement has informed the rental
26 company that the vehicle is missing or has been stolen or
27 abandoned.

28 (ii) The rental vehicle has not been returned following ~~three~~
29 ~~calendar days after the contracted return date, or by three calendar~~
30 ~~days~~ *one week after the contracted return date or by one week*
31 following the end of an extension of that return date.

32 (iii) The rental company discovers the rental vehicle has been
33 stolen or abandoned, and, if stolen, the rental company shall report
34 the vehicle stolen to law enforcement by filing a stolen vehicle
35 report, unless law enforcement has already informed the rental
36 company that the vehicle is missing or has been stolen or
37 abandoned.

38 (B) If electronic surveillance technology is activated pursuant
39 to subparagraph (A), a rental company shall maintain a record, in
40 either electronic or written form, of information relevant to the

1 activation of that technology. That information shall include the
2 rental agreement, including the return date, and the date and time
3 the electronic surveillance technology was activated. The record
4 shall also include, if relevant, a record of written or other
5 communication with the renter, including communications
6 regarding extensions of the rental, police reports, or other written
7 communication with law enforcement officials. The record shall
8 be maintained for a period of at least 12 months from the time the
9 record is created and shall be made available upon the renter's
10 request. The rental company shall maintain and furnish explanatory
11 codes necessary to read the record. A rental company shall not be
12 required to maintain a record if electronic surveillance technology
13 is activated to recover a rental vehicle that is stolen or missing at
14 a time other than during a rental period.

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

17 (b) Subdivision (a) does not prohibit a rental company from
18 equipping rental vehicles with any of the following:

19 (1) GPS-based technology that provides navigation assistance
20 to the occupants of the rental vehicle, if the rental company does
21 not use, access, or obtain information relating to the renter's use
22 of the rental vehicle that was obtained using that technology, except
23 for the purposes of discovering or repairing a defect in the
24 technology and the information may then be used only for that
25 purpose.

26 (2) Electronic surveillance technology that allows for the remote
27 locking or unlocking of the vehicle at the request of the renter, if
28 the rental company does not use, access, or obtain information
29 relating to the renter's use of the rental vehicle that was obtained
30 using that technology, except as necessary to lock or unlock the
31 vehicle.

32 (3) Electronic surveillance technology that allows the company
33 to provide roadside assistance, such as towing, flat tire, or fuel
34 services, at the request of the renter, if the rental company does
35 not use, access, or obtain information relating to the renter's use
36 of the rental vehicle that was obtained using that technology except
37 as necessary to provide the requested roadside assistance.

38 (c) Subdivision (a) does not prohibit a rental company from
39 obtaining, accessing, or using information from electronic
40 surveillance technology for the sole purpose of determining the

1 date and time the vehicle *departs from and* is returned to the rental
2 company, and the total mileage driven and the vehicle fuel level
3 of the returned vehicle. ~~This subdivision, however, shall apply~~
4 ~~only after the renter has returned the vehicle to the rental company,~~
5 ~~and the~~ *The information obtained or accessed from this electronic*
6 *surveillance technology* shall only be used for the purpose
7 described in this subdivision.

8 (d) A rental company shall not use electronic surveillance
9 technology to track a renter in order to impose fines or surcharges
10 relating to the renter's use of the rental vehicle.

11 1939.25. A renter may bring an action against a rental company
12 for the recovery of damages and appropriate equitable relief for a
13 violation of this chapter, except for Sections 1939.21, 1939.35,
14 and 1939.37. The prevailing party shall be entitled to recover
15 reasonable attorney's fees and costs.

16 1939.27. A rental company that brings an action against a renter
17 for loss due to theft of the vehicle shall bring the action in the
18 county in which the renter resides or, if the renter is not a resident
19 of this state, in the jurisdiction in which the renter resides.

20 1939.29. A waiver of any of the provisions of this chapter,
21 except for Sections 1939.21, 1939.35, and 1939.37, shall be void
22 and unenforceable as contrary to public policy.

23 1939.31. (a) A rental company's disclosure requirements shall
24 be satisfied for renters who are enrolled in the rental company's
25 membership program if all of the following conditions are met:

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

28 (A) All of the disclosures required by paragraph (1) of
29 subdivision (c) of Section 1939.09, including the terms and
30 conditions of the rental agreement then in effect.

31 (B) An Internet Web site address, as well as a contact number
32 or address, where the enrollee can learn of changes to the rental
33 agreement or to the laws of this state governing rental agreements
34 since the effective date of the rental company's most recent
35 restatement of the rental agreement and distribution of that
36 restatement to its members.

37 (2) At the commencement of each rental period, the renter is
38 provided, on the rental record or the folder in which it is inserted,
39 with a printed notice stating that he or she had either previously

1 selected or declined an optional damage waiver and that the renter
2 has the right to change preferences.

3 (3) (A) *At the commencement of each rental period, the rental*
4 *company provides, on the rearview mirror, a hanger on which a*
5 *statement is printed, in a box, in at least 12-point boldface type,*
6 *notifying the renter that the collision damage waiver offered by*
7 *the rental company may be duplicative of coverage that the*
8 *customer maintains under his or her own policy of motor vehicle*
9 *insurance. If it is not feasible to hang the statement from the*
10 *rearview mirror, it shall be hung from the steering wheel.*

11 (B) *The hanger shall provide the renter a box to initial if he or*
12 *she, but not his or her employer, has previously accepted or*
13 *declined the collision damage waiver and that he or she now wishes*
14 *to change his or her decision to accept or decline the collision*
15 *damage waiver, as follows:*

16
17 “*If I previously accepted the collision damage waiver, I now*
18 *decline it.*”

19 “*If I previously declined the collision damage waiver, I now*
20 *accept it.*”

21
22 (C) *The hanger shall also provide a box for the enrollee to*
23 *indicate whether this change applies to this rental transaction only*
24 *or to all future rental transactions. The hanger shall also notify*
25 *the renter that he or she may make that change, prior to leaving*
26 *the lot, by returning the form to an employee designated to receive*
27 *the form who is available at the lot where the renter takes*
28 *possession of the car, to receive any change in the rental agreement*
29 *from the renter.*

30 (b) (1) This section is not effective unless ~~the employee~~
31 ~~designated~~ *an employee is available* pursuant to paragraph (5) of
32 subdivision (k) of Section 1939.01 is actually present at the
33 required location.

34 (2) This section does not relieve the rental company from the
35 disclosures required to be made within the text of a contract or
36 holder in which the contract is placed; in or on an advertisement
37 containing a rental rate; or in a telephonic, in-person, or
38 computer-transmitted quotation or reservation.

39 1939.33. (a) When a rental company enters into a rental
40 agreement in the state for the rental of a vehicle to any renter who

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

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

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

26 (d) Notwithstanding the requirements of Sections 17450 to
27 17456, inclusive, of the Vehicle Code, service of process in
28 compliance with subdivision (a) shall be deemed a valid and
29 effective service.

30 (e) Notwithstanding any other law, the requirement that the
31 rental company accept service of process pursuant to subdivision
32 (a) shall not create any duty, obligation, or agency relationship
33 other than that provided in subdivision (a).

34 1939.35. (a) (1) A rental company shall provide a renter of a
35 15-passenger van with a copy of the United States Department of
36 Transportation, National Highway Traffic Safety Administration's
37 consumer advisory for 15-passenger vans titled "Reducing the
38 Risk of Rollover Crashes" or, if that advisory is updated, a copy
39 of the updated advisory. The renter shall acknowledge receipt of

1 that copy by signing an acknowledgment of receipt on the rental
2 agreement or on an attached form.

3 (2) If the rental of that 15-passenger van is for a business
4 purpose or use, the rental company shall also provide on the
5 document described in paragraph (1) that only an employee with
6 the proper licensing may drive that vehicle. The renter shall
7 acknowledge the receipt thereof in the same manner as described
8 in paragraph (1).

9 (b) (1) Except as provided in paragraph (2), for purposes of
10 this section, a “15-passenger van” means any van manufactured
11 to accommodate 15 passengers, including the driver, regardless
12 of whether that van has been altered to accommodate fewer than
13 15 passengers.

14 (2) For purposes of this section, a “15-passenger van” does not
15 mean a 15-passenger van with dual rear wheels that has a gross
16 weight rating equal to, or greater than, 11,500 pounds.

17 1939.37. A rental company is not subject to the requirements
18 of Section 14608 of the Vehicle Code if the rental is subject to the
19 terms of a membership agreement that allows the renter to gain
20 physical access to a vehicle without a key through use of a code,
21 key card, or by other means that allow the vehicle to be accessed
22 at a remote location, or at a business location of the rental company
23 outside of that location’s regular hours of operation.

24 SEC. 6. Section 50474.1 of the Government Code is amended
25 to read:

26 50474.1. (a) An airport operated by a city and county may
27 require a rental car company, in writing, to collect a fee from its
28 customers on behalf of the airport for the use of an
29 airport-mandated common use busing system or light rail transit
30 system operated for the movement of passengers between the
31 terminal and a consolidated on-airport rental car facility. If a rental
32 car company is required pursuant to this section to collect a fee,
33 the following conditions shall apply:

34 (1) The fees shall be calculated on a per contract basis.

35 (2) All fees collected for this purpose constitute debts owed to
36 the airport by the collecting party. The debts are due and payable
37 to the airport quarterly or at any other interval the airport may
38 establish to facilitate collection and insure payment.

39 (3) The fee is a user fee, not a tax.

1 (4) Revenues collected from the fee may not exceed the
2 reasonable costs of providing the busing and light rail transit
3 service and shall not be used for any other purpose.

4 (b) Notwithstanding any other law, including, but not limited
5 to, Chapter 1.5 (commencing with Section 1939.01) of Title 5 of
6 Part 4 of Division 3 of the Civil Code, a rental car company that
7 is required to collect fees under this section shall do all of the
8 following:

9 (1) Collect the fee from those of its customers subject to the fee
10 as required in subdivision (a).

11 (2) Clearly disclose the existence of the fee in any radio,
12 television, or print advertisement that states a rental rate applicable
13 to an airport at which the fee is to be imposed, and the amount of
14 the fee at the airport where it is imposed, or a range of fees if the
15 fee is imposed at more than one airport.

16 (3) Clearly disclose the existence of the fee in a telephonic,
17 in-person, or computer-transmitted quotation that states a rental
18 rate applicable to an airport at which the fee is to be imposed and
19 the amount of the fee at the airport where it is imposed.

20 (4) Separately identify the fee on its rental agreement.

21 SEC. 7. Section 50474.21 is added to the Government Code,
22 to read:

23 50474.21. (a) Except as provided in Section 50474.22, for
24 purposes of this article, “customer facility charge” means any fee,
25 including an alternative fee, required by an airport, other than Los
26 Angeles International Airport, to be collected by a rental company
27 from a renter for any of the following purposes:

28 (1) To finance, design, and construct consolidated airport vehicle
29 rental facilities.

30 (2) To finance, design, construct, and operate common-use
31 transportation systems that move passengers between airport
32 terminals and those consolidated vehicle rental facilities, and
33 acquire vehicles for use in that system.

34 (3) To finance, design, and construct terminal modifications
35 solely to accommodate and provide customer access to
36 common-use transportation systems. The fees designated as a
37 customer facility charge shall not otherwise be used to pay for
38 terminal expansion, gate expansion, runway expansion, changes
39 in hours of operation, or changes in the number of flights arriving
40 or departing from the airport.

1 (b) The aggregate amount to be collected shall not exceed the
2 reasonable costs, as determined by an audit by an independent
3 auditor paid for by the airport, to finance, design, and construct
4 those facilities. The auditor shall independently examine and
5 substantiate the necessity for, and the amount of, the customer
6 facility charge, including whether the airport's actual or projected
7 costs are supported and justified, any steps the airport may take to
8 limit costs, potential alternatives for meeting the airport's revenue
9 needs other than the collection of the fee, and whether and to what
10 extent rental companies or other businesses or individuals using
11 the facility or common-use transportation system may pay for the
12 costs associated with these facilities and systems apart from the
13 fee from rental customers, or whether the airport did not comply
14 with any provision of this section. Copies of the audit shall be
15 provided to the Assembly and Senate Committees on Judiciary,
16 the Assembly Committee on Transportation, and the Senate
17 Committee on Transportation and Housing and shall be posted on
18 the airport's Internet Web site. In the case of a customer facility
19 charge for a common-use transportation system, the audit shall
20 also consider the reasonable costs of providing the transit system
21 or busing network pursuant to paragraph (1) of subdivision (a).
22 Any audit required by this subdivision may be included as a part
23 of an audit of an airport's finances.

24 (c) Except as provided in subdivision (d), the authorization
25 given pursuant to this article for an airport to impose a customer
26 facility charge shall become inoperative when the bonds used for
27 financing are paid.

28 (d) If a bond or other form of indebtedness is not used for
29 financing, or a bond or other form of indebtedness used for
30 financing has been paid, the Oakland International Airport may
31 require the collection of a customer facility charge for a period of
32 up to 10 years from the imposition of the charge for the purposes
33 allowed by, and subject to the conditions imposed by, this article.

34 (e) This section ~~shall~~ *does* not apply to any fee, including an
35 alternative fee, required by the Los Angeles International Airport
36 to be collected by a rental company pursuant to Section 50474.22.

37 SEC. 8. Section 50474.22 is added to the Government Code,
38 to read:

39 50474.22. (a) For purposes of this article, "customer facility
40 charge" means any fee, including an alternative fee, required by

1 the Los Angeles International Airport to be collected by a rental
2 company from a renter for any of the following purposes:

3 (1) To finance, design, construct, or otherwise improve
4 consolidated airport vehicle rental facilities.

5 (2) To finance, design, construct, operate, maintain, or otherwise
6 improve common-use transportation systems that move passengers
7 between airport terminals and those consolidated vehicle rental
8 facilities, and acquire vehicles for use in that system.

9 (3) To finance, design, construct, or otherwise improve terminal
10 modifications solely to accommodate and provide customer access
11 to common-use transportation systems. The fees designated as a
12 customer facility charge shall not otherwise be used to pay for
13 terminal expansion, gate expansion, runway expansion, changes
14 in hours of operation, or changes in the number of flights arriving
15 or departing from the airport.

16 (b) The aggregate amount to be collected shall not exceed the
17 reasonable costs, as determined by an audit by an independent
18 auditor paid for by the airport, to finance, design, construct,
19 operate, maintain, or otherwise improve, as applicable, those
20 facilities, systems, and modifications. The auditor shall
21 independently examine and substantiate the necessity for, and the
22 amount of, the customer facility charge, including whether the
23 airport's actual or projected costs are supported and justified, any
24 steps the airport may take to limit costs, potential alternatives for
25 meeting the airport's revenue needs other than the collection of
26 the fee, and whether and to what extent rental companies or other
27 businesses or individuals using the facility or common-use
28 transportation system may pay for the costs associated with these
29 facilities and systems apart from the fee from rental customers, or
30 whether the airport did not comply with any provision of this
31 section. Copies of the audit shall be provided to the Assembly and
32 Senate Committees on Judiciary, the Assembly Committee on
33 Transportation, and the Senate Committee on Transportation and
34 Housing and shall be posted on the airport's Internet Web site. In
35 the case of a customer facility charge for a common-use
36 transportation system, the audit also shall consider the reasonable
37 costs of providing the transit system or busing network pursuant
38 to paragraph (1) of subdivision (a). Any audit required by this
39 subdivision may be included as a part of an audit of an airport's
40 finances.

1 (c) The authorization under to this section for an airport to
2 impose a customer facility charge shall become inoperative when
3 bonds, capital contributions, availability payment contracts, lease
4 agreements, or other forms for financing are paid or reimbursed.

5 (d) This section shall not apply to any fee, including an
6 alternative fee, required by an airport other than the Los Angeles
7 International Airport to be collected by a rental company from a
8 renter.

9 SEC. 9. Section 50474.3 is added to the Government Code, to
10 read:

11 50474.3. (a) A customer facility charge, as defined in ~~section~~
12 *Section* 50474.21, may be collected by a rental company under the
13 following circumstances:

14 (1) Collection of the fee by the rental company is required by
15 an airport operated by a city, a county, a city and county, a joint
16 powers authority, a special district, or the San Diego County
17 Regional Airport Authority formed pursuant to Division 17
18 (commencing with Section 170000) of the Public Utilities Code.

19 (2) The fee is calculated on a per contract basis or as provided
20 in subdivision (b).

21 (3) The fee is a user fee, not a tax imposed upon real property
22 or an incident of property ownership under Article XIII D of the
23 California Constitution.

24 (4) Except as otherwise provided in paragraph (5), the fee shall
25 be ten dollars (\$10) per contract or the amount provided in
26 subdivision (b).

27 (5) The fee for a consolidated rental vehicle facility shall be
28 collected only from customers of on-airport rental vehicle
29 companies. If the fee imposed by the airport is for both a
30 consolidated rental vehicle facility and a common-use
31 transportation system, the fee collected from customers of
32 on-airport rental vehicle companies shall be ten dollars (\$10) or
33 the amount provided in subdivision (b), but the fee imposed on
34 customers of off-airport rental vehicle companies who are
35 transported on the common-use transportation system is only that
36 amount that is proportionate to the costs of the common-use
37 transportation system. The fee is uniformly applied to each class
38 of on-airport or off-airport customers, provided that the airport
39 requires off-airport customers to use the common-use transportation
40 system. For purposes of this paragraph, “on-airport rental vehicle

1 company” means a rental company operating under an airport
2 property lease or an airport concession or license agreement whose
3 customers use or will use the consolidated rental vehicle facility
4 and the fee as to those customers is a user fee described in
5 paragraph (3).

6 (6) Revenues collected from the fee do not exceed the reasonable
7 costs of financing, designing, and constructing the facility and
8 financing, designing, constructing, and operating any common-use
9 transportation system, or acquiring vehicles for use in that system,
10 and are not used for any other purpose.

11 (7) The fee is separately identified on the rental agreement.

12 (8) This subdivision does not apply to fees which are governed
13 by Section 50474.1 or Section 57.5 of the San Diego Unified Port
14 District Act (Chapter 67 of the First Extraordinary Session of the
15 Statutes of 1962).

16 (b) Any airport may require rental companies to collect an
17 alternative customer facility charge, as defined in Section 50474.21,
18 under the following conditions:

19 (1) The airport first conducts a publicly noticed hearing pursuant
20 to the Ralph M. Brown Act (Chapter 9 (commencing with Section
21 54950) of Part 1 of Division 2) to review the costs of financing
22 the design and construction of a consolidated rental vehicle facility
23 and the design, construction, and operation of any common-use
24 transportation system in which all of the following occur:

25 (A) The airport establishes the amount of revenue necessary to
26 finance the reasonable costs of designing and constructing a
27 consolidated rental vehicle facility and to design, construct, and
28 operate any common-use transportation system, or acquire vehicles
29 for use in that system, based on evidence presented during the
30 hearing.

31 (B) The airport finds, based on evidence presented during the
32 hearing, that the fee authorized in subdivision (a) will not generate
33 sufficient revenue to finance the reasonable costs of designing and
34 constructing a consolidated rental vehicle facility and of designing,
35 constructing, and operating any common-use transportation system,
36 or acquire vehicles for use in that system.

37 (C) The airport finds that the reasonable cost of the project
38 requires the additional amount of revenue that would be generated
39 by the proposed daily rate, including any rate increase, authorized
40 pursuant to this paragraph.

1 (D) The airport outlines each of the following:

2 (i) Steps it has taken to limit costs.

3 (ii) Other potential alternatives for meeting its revenue needs
4 other than the collection of the fee.

5 (iii) The extent to which rental companies or other businesses
6 or individuals using the facility or common-use transportation
7 system will pay for the costs associated with these facilities and
8 systems apart from the fee collected from rental customers.

9 (2) The airport may not require the fee authorized in this
10 subdivision to be collected at any time that the fee authorized in
11 subdivision (a) is being collected.

12 (3) Pursuant to the procedure set forth in this subdivision, the
13 fee may be collected at a rate charged on a per-day basis subject
14 to the following conditions:

15 (A) Commencing January 1, 2011, the amount of the fee may
16 not exceed six dollars (\$6) per day.

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

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

21 (D) At no time shall the fee authorized in this paragraph be
22 collected from any customer for more than five days for each
23 individual rental vehicle contract.

24 (E) An airport subject to this paragraph shall initiate the process
25 for obtaining the authority to require or increase the alternative
26 fee no later than January 1, 2018. Any airport that obtains the
27 authority to require or increase an alternative fee shall be authorized
28 to continue collecting that fee until the fee authorization becomes
29 inoperative pursuant to subdivision (c) of Section 50474.21.

30 (4) For any airport seeking to require rental companies to collect
31 an alternative customer facility charge pursuant to this subdivision
32 the following provisions apply:

33 (A) The airport shall provide reports on an annual basis to the
34 Senate and Assembly Committees on Judiciary detailing all of the
35 following:

36 (i) The total amount of the customer facility charge collected.

37 (ii) How the funds are being spent.

38 (iii) The amount of and reason for any changes in the airport's
39 budget or financial needs for the facility or common-use
40 transportation system.

1 (B) (i) The airport shall complete an independent audit as
2 required by subdivision (b) of Section 50474.21 prior to the initial
3 collection of the customer facility charge. Copies of the audit shall
4 be provided to the Assembly and Senate Committees on Judiciary,
5 the Assembly Committee on Transportation, and the Senate
6 Committee on Transportation and Housing and shall be posted on
7 the airport's Internet Web site.

8 (ii) Prior to any increase pursuant to subdivision (b), the airport
9 shall update the information provided in the initial collection audit
10 completed pursuant to clause (i). Copies of the updated audit shall
11 be provided to the Assembly and Senate Committees on Judiciary,
12 the Assembly Committee on Transportation, and the Senate
13 Committee on Transportation and Housing, and shall be posted
14 on the airport's Internet Web site.

15 (iii) An audit shall be completed every three years after initial
16 collection if the customer facility charge is collected for the purpose
17 of operating a common-use transportation system or to acquire
18 vehicles for use in the system pursuant to paragraph (2) of
19 subdivision (a) of Section 50474.21. A regularly conducted audit
20 of airport finances that includes the customer facility charge
21 information, that satisfies the requirements of subdivision (b) of
22 Section 50474.21, and is produced in accordance with the generally
23 accepted accounting principles of the Government Accounting
24 Standards Board, shall satisfy the requirements of this clause. This
25 obligation shall continue until the fee authorization becomes
26 inoperative pursuant to subdivision (c) of Section 50474.21. The
27 information reported pursuant to this clause shall be compiled into
28 one document, shall be provided to the Assembly and Senate
29 Committees on Judiciary, the Assembly Committee on
30 Transportation, and the Senate Committee on Transportation and
31 Housing and shall be posted on the airport's Internet Web site
32 accessible to the public. The information reported shall be
33 contained within one easily accessible page contained within the
34 airport's Internet Web site.

35 (iv) This section shall not be construed to require an airport to
36 audit a common-use transportation system not financed by a
37 customer facility charge and used for the purposes permitted
38 pursuant to paragraph (2) of subdivision (a) of Section 50474.21.

1 (v) The airport shall post on the airport’s Internet Web site
 2 copies of the completed audits required by this subparagraph for
 3 a period of six years following the audit’s completion.

4 (C) Use of proceeds of any bonds backed by alternative customer
 5 facility charges shall be limited to construction and design of the
 6 consolidated rental vehicle facility, terminal modifications, and
 7 operating costs of the common-use transportation system, as
 8 specified in Section 50474.21.

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

17 SEC. 10. Section 50474.4 is added to the Government Code,
 18 to read:

19 50474.4. (a) A customer facility charge, as defined in Section
 20 50474.22, may be collected by a rental company under the
 21 following circumstances:

22 (1) Collection of the fee by the rental company is required by
 23 Los Angeles International Airport .

24 (2) The fee is calculated on a per contract basis or as provided
 25 in subdivision (b).

26 (3) The fee is a user fee, not a tax imposed upon real property
 27 or an incident of property ownership under Article XIII D of the
 28 California Constitution.

29 (4) Except as otherwise provided in paragraph (5), the fee shall
 30 be ten dollars (\$10) per contract or the amount provided in
 31 subdivision (b).

32 (5) The fee for a consolidated rental vehicle facility shall be
 33 collected only from customers of on-airport rental vehicle
 34 companies. If the fee imposed by the airport is for both a
 35 consolidated rental vehicle facility and a common-use
 36 transportation system, the fee collected from customers of
 37 on-airport rental vehicle companies shall be ten dollars (\$10) or
 38 the amount provided in subdivision (b), but the fee imposed on
 39 customers of off-airport rental vehicle companies who are
 40 transported on the common-use transportation system is only that

1 amount that is proportionate to the costs of the common-use
2 transportation system. The fee is uniformly applied to each class
3 of on-airport or off-airport customers, provided that the airport
4 requires off-airport customers to use the common-use transportation
5 system. For purposes of this paragraph, “on-airport rental vehicle
6 company” means a rental company operating under an airport
7 property lease or an airport concession or license agreement whose
8 customers use or will use the consolidated rental vehicle facility
9 and the fee as to those customers is a user fee described in
10 paragraph (3).

11 (6) Revenues collected from the fee do not exceed the reasonable
12 costs of financing, designing, constructing, operating, or improving
13 as applicable, a consolidated rental car facility, any common-use
14 transportation system, and terminal modifications, and are not used
15 for any other purpose.

16 (7) The fee is separately identified on the rental agreement.

17 (b) The Los Angeles International Airport may require rental
18 companies to collect an alternative customer facility charge, as
19 defined in Section 50474.22, under the following conditions:

20 (1) The airport first conducts a publicly noticed hearing pursuant
21 to the Ralph M. Brown Act (Chapter 9 (commencing with Section
22 54950) of Part 1 of Division 2) to review the costs to finance,
23 design, construct, maintain, or otherwise improve, as applicable,
24 a consolidated rental vehicle facility, any common-use
25 transportation system, and terminal modifications in which all of
26 the following occur:

27 (A) The airport establishes the amount of revenue reasonably
28 necessary to finance the design, construction, operation,
29 maintenance, or other improvement, as applicable, of a
30 consolidated rental vehicle facility, any common-use transportation
31 system, and terminal modifications based on evidence presented
32 during the hearing.

33 (B) The airport finds, based on evidence presented during the
34 hearing, that the fee authorized in subdivision (a) will not generate
35 sufficient revenue to finance the design, construction, operation,
36 maintenance, or other improvement, as applicable, of a
37 consolidated rental vehicle facility, any common-use transportation
38 system, and terminal modifications.

39 (C) The airport finds that the reasonable cost of the project
40 requires the additional amount of revenue that would be generated

1 by the proposed daily rate, including any rate increase, authorized
2 pursuant to this paragraph.

3 (D) The airport outlines each of the following:

4 (i) Steps it has taken to limit costs.

5 (ii) Other potential alternatives for meeting its revenue needs
6 other than the collection of the fee.

7 (iii) The extent to which rental companies or other businesses
8 or individuals using the facility or common-use transportation
9 system will pay for the costs associated with these facilities and
10 systems apart from the fee collected from rental customers.

11 (2) The airport may not require the fee authorized in this
12 subdivision to be collected at any time that the fee authorized in
13 subdivision (a) is being collected.

14 (3) Pursuant to the procedure set forth in this subdivision, the
15 fee may be collected at a rate charged on a per-day basis subject
16 to the following conditions:

17 (A) Commencing January 1, 2011, the amount of the fee may
18 not exceed six dollars (\$6) per day.

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

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

23 (D) At no time shall the fee authorized in this paragraph be
24 collected from any customer for more than five days for each
25 individual rental vehicle contract.

26 (E) An airport subject to this paragraph shall initiate the process
27 for obtaining the authority to require or increase the alternative
28 fee no later than January 1, 2018. An airport that obtains the
29 authority to require or increase an alternative fee shall be authorized
30 to continue collecting that fee until the fee authorization becomes
31 inoperative pursuant to subdivision (c) of Section 50474.22.

32 (4) For an airport seeking to require rental companies to collect
33 an alternative customer facility charge pursuant to this subdivision,
34 the following provisions apply:

35 (A) The airport shall provide reports on an annual basis to the
36 Senate and Assembly Committees on Judiciary detailing all of the
37 following:

38 (i) The total amount of the customer facility charge collected.

39 (ii) How the funds are being spent.

1 (iii) The amount of and reason for any changes in the airport's
2 budget or financial needs for the facility or common-use
3 transportation system.

4 (B) (i) The airport shall complete an independent audit as
5 required by subdivision (b) of Section 50474.22 prior to the initial
6 collection of the customer facility charge. Copies of the audit shall
7 be provided to the Assembly and Senate Committees on Judiciary,
8 the Assembly Committee on Transportation, and the Senate
9 Committee on Transportation and Housing and shall be posted on
10 the airport's Internet Web site.

11 (ii) Prior to any increase pursuant to subdivision (b), the airport
12 shall update the information provided in the initial collection audit
13 completed pursuant to clause (i). Copies of the updated audit shall
14 be provided to the Assembly and Senate Committees on Judiciary,
15 the Assembly Committee on Transportation, and the Senate
16 Committee on Transportation and Housing, and shall be posted
17 on the airport's Internet Web site.

18 (iii) An audit shall be completed every three years after initial
19 collection if the customer facility charge is collected for the purpose
20 of operating a common-use transportation system or to acquire
21 vehicles for use in the system pursuant to paragraph (2) of
22 subdivision (a) of Section 50474.22. A regularly conducted audit
23 of airport finances that includes the customer facility charge
24 information, that satisfies the requirements of subdivision (b) of
25 Section 50474.22, and is produced in accordance with the generally
26 accepted accounting principles of the Government Accounting
27 Standards Board, shall satisfy the requirements of this clause. This
28 obligation shall continue until the fee authorization becomes
29 inoperative pursuant to subdivision (c) of Section 50474.22. The
30 information reported pursuant to this clause shall be compiled into
31 one document, shall be provided to the Assembly and Senate
32 Committees on Judiciary, the Assembly Committee on
33 Transportation, and the Senate Committee on Transportation and
34 Housing and shall be posted on the airport's Internet Web site
35 accessible to the public. The information reported shall be
36 contained within one easily accessible page contained within the
37 airport's Internet Web site.

38 (iv) This section shall not be construed to require an airport to
39 audit a common-use transportation system not financed by a

1 customer facility charge and used for the purposes permitted
2 pursuant to paragraph (2) of subdivision (a) of Section 50474.22.

3 (v) The airport shall post on the airport's Internet Web site
4 copies of the completed audits required by this subparagraph for
5 a period of six years following the audit's completion.

6 (C) Use of proceeds of any bonds backed by alternative customer
7 facility charges shall be limited to the purposes specified in Section
8 50474.22.

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

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