

AMENDED IN ASSEMBLY APRIL 1, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2761

Introduced by Assembly Member Leno

February 20, 2004

An act to amend Section 1936 of the Civil Code, relating to vehicle rental agreements.

LEGISLATIVE COUNSEL'S DIGEST

AB 2761, as amended, Leno. Vehicle rental agreements.

Existing law regulates various terms and conditions of vehicle rental agreements for the lease or hire of a passenger vehicle from a rental company for less than a period of 30 days, as specified.

This bill would exempt from those provisions, except as specified, a rental company's rental of a passenger vehicle to a business renter of a business program sponsor, as defined, under the sponsor's business program if, at or before the commencement of the rental, the renter identifies the business program as being applicable to the rental. The bill would also exempt from these provisions any advertisement or charge made with respect to any such rental.

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

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

1 SECTION 1. Section 1936 of the Civil Code, as amended by
2 Section 2 of Chapter 948 of the Statutes of 2002, is amended to
3 read:

1 1936. (a) For the purpose of this section, the following
2 definitions shall apply:

3 (1) “Rental company” means any person or entity in the
4 business of renting passenger vehicles to the public.

5 (2) “Renter” means any person in any manner obligated under
6 a contract for the lease or hire of a passenger vehicle from a rental
7 company for a period of less than 30 days.

8 (3) “Authorized driver” means (A) the renter, (B) the renter’s
9 spouse if that person is a licensed driver and satisfies the rental
10 company’s minimum age requirement, (C) the renter’s employer
11 or coworker if they are engaged in business activity with the renter,
12 are licensed drivers, and satisfy the rental company’s minimum
13 age requirement, and (D) any person expressly listed by the rental
14 company on the renter’s contract as an authorized driver.

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

26 (5) “Business program sponsor” means (A) a legal entity other
27 than a natural person, including without limitation, a corporation,
28 limited liability company, partnership, government, or
29 municipality, or (B) a for-profit business being conducted in the
30 form of a sole proprietorship.

31 (6) “Business renter” means, for any business program
32 sponsor, a person who is authorized by the sponsor to rent under
33 the sponsor’s business program, but the term does not include (A)
34 a nonemployee member of a not-for-profit organization, (B) the
35 purchaser of a voucher or other prepaid rental arrangement from
36 a person, including a tour operator, engaged in the business of
37 reselling those vouchers or prepaid rental arrangements to the
38 general public, (C) a person insured or provided coverage under
39 a policy of insurance issued by an insurance company, or (D) a



1 *person who purchases passenger vehicle repair services from a*
2 *person licensed to perform such services.*

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

6 (i) The fee shall be used to finance, design, and construct
7 consolidated airport car rental facilities.

8 (ii) The fee shall be used to finance, design, construct, and
9 provide common use transportation systems that move passengers
10 between airport terminals and those consolidated car rental
11 facilities.

12 (B) The aggregate amount to be collected shall not exceed the
13 reasonable costs, as determined by an independent audit paid for
14 by the airport, to finance, design, and construct those facilities.
15 Copies of the audit shall be provided to the Assembly and Senate
16 Committees on Judiciary and Committees on Transportation. In
17 the case of a transportation system, the audit shall also consider the
18 reasonable costs of providing the transit system or busing network.
19 At the Burbank Airport, and at all other airports, the fees
20 designated as a Customer Facility Charge may not be used to pay
21 for terminal expansion, gate expansion, runway expansion,
22 changes in hours of operation, or changes in the number of flights
23 arriving or departing from the airport.

24 (C) The authorization given pursuant to this section for an
25 airport to impose a customer facility charge shall become
26 inoperative when the bonds used for financing are paid.

27 ~~(5)~~

28 (8) “Damage waiver” means a rental company’s agreement
29 not to hold a renter liable for all or any portion of any damage or
30 loss related to the rented vehicle, any loss of use of the rented
31 vehicle, or any storage, impound, towing, or administrative
32 charges.

33 ~~(6)~~

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

39 ~~(7)~~



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

4 ~~(8)~~

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

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

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

16 (D) 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 the
19 next and future rentals.

20 (E) An employee designated to receive the form specified in
21 subparagraph (C) of paragraph (1) of subdivision (r) is present at
22 the lot where the renter takes possession of the car, to receive any
23 change in the rental agreement from the renter.

24 ~~(9)~~

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

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

30 (1) Physical or mechanical damage to the rented vehicle up to
31 its fair market value, as determined in the customary market for the
32 sale of that vehicle, resulting from collision regardless of the cause
33 of the damage.

34 (2) Loss due to theft of the rented vehicle up to its fair market
35 value, as determined in the customary market for the sale of that
36 vehicle, provided that the rental company establishes by clear and
37 convincing evidence that the renter or the authorized driver failed
38 to exercise ordinary care while in possession of the vehicle. In
39 addition, the renter shall be presumed to have no liability for any
40 loss due to theft if (A) an authorized driver has possession of the



1 ignition key furnished by the rental company or an authorized
2 driver establishes that the ignition key furnished by the rental
3 company was not in the vehicle at the time of the theft, and (B) an
4 authorized driver files an official report of the theft with the police
5 or other law enforcement agency within 24 hours of learning of the
6 theft and reasonably cooperates with the rental company and the
7 police or other law enforcement agency in providing information
8 concerning the theft. The presumption set forth in this paragraph
9 is a presumption affecting the burden of proof which the rental
10 company may rebut by establishing that an authorized driver
11 committed, or aided and abetted the commission of, the theft.

12 (3) Physical damage to the rented vehicle up to its fair market
13 value, as determined in the customary market for the sale of that
14 vehicle, resulting from vandalism occurring after, or in connection
15 with, the theft of the rented vehicle; however, the renter shall have
16 no liability for any damage due to vandalism if the renter would
17 have no liability for theft pursuant to paragraph (2).

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

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

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

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

29 (1) The estimated cost of parts which the rental company would
30 have to pay to replace damaged vehicle parts. All discounts and
31 price reductions or adjustments that are or will be received by the
32 rental company shall be subtracted from the estimate to the extent
33 not already incorporated in the estimate or otherwise promptly
34 credited or refunded to the renter.

35 (2) The estimated cost of labor to replace damaged vehicle
36 parts which shall not exceed the product of (A) the rate for labor
37 usually paid by the rental company to replace vehicle parts of the
38 type that were damaged and (B) the estimated time for
39 replacement. All discounts and price reductions or adjustments
40 that are or will be received by the rental company shall be



1 subtracted from the estimate to the extent not already incorporated
2 in the estimate or otherwise promptly credited or refunded to the
3 renter.

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

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

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

11 (B) All discounts and price reductions or adjustments that are
12 or will be received by the rental company shall be subtracted from
13 the estimate to the extent not already incorporated in the estimate
14 or otherwise promptly credited or refunded to the renter.

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

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

20 (6) The administrative charge described in paragraph (6) of
21 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total
22 estimated cost for parts and labor is more than one hundred dollars
23 (\$100) up to and including five hundred dollars (\$500), (B) one
24 hundred dollars (\$100) if the total estimated cost for parts and
25 labor exceeds five hundred dollars (\$500) up to and including one
26 thousand five hundred dollars (\$1,500), and (C) one hundred fifty
27 dollars (\$150) if the total estimated cost for parts and labor exceeds
28 one thousand five hundred dollars (\$1,500). No administrative
29 charge shall be imposed if the total estimated cost of parts and
30 labor is one hundred dollars (\$100) or less.

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

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

38 (3) A claim against a renter resulting from damage or loss,
39 excluding loss of use, to a rental vehicle shall be reasonably and
40 rationally related to the actual loss incurred. A rental company



1 shall mitigate damages where possible and may not assert or
2 collect any claim for physical damage which exceeds the actual
3 costs of the repairs performed or the estimated cost of repairs, if
4 the rental company chooses not to repair the vehicle, including all
5 discounts and price reductions. However, if the vehicle is a total
6 loss vehicle, the claim shall not exceed the total loss vehicle value
7 established in accordance with procedures that are customarily
8 used by insurance companies when paying claims on total loss
9 vehicles, less the proceeds from salvaging the vehicle, if those
10 proceeds are retained by the rental company.

11 (4) If insurance coverage exists under the renter's applicable
12 personal or business insurance policy and the coverage is
13 confirmed during regular business hours, the renter may require
14 that the rental company submit any claims to the renter's
15 applicable personal or business insurance carrier. The rental
16 company shall not make any written or oral representations that it
17 will not present claims or negotiate with the renter's insurance
18 carrier. For purposes of this paragraph, confirmation of coverage
19 includes telephone confirmation from insurance company
20 representatives during regular business hours. Upon request of the
21 renter and after confirmation of coverage, the amount of claim
22 shall be resolved between the insurance carrier and the rental
23 company. The renter shall remain responsible for payment to the
24 rental car company for any loss sustained that the renter's
25 applicable personal or business insurance policy does not cover.

26 (5) A rental company shall not recover from the renter or other
27 authorized driver for any item described in subdivision (b) to the
28 extent the rental company obtains recovery from any other person.

29 (6) This section applies only to the maximum liability of a
30 renter or other authorized driver to the rental company resulting
31 from damage to the rented vehicle and not to the liability of any
32 other person.

33 (e) (1) Except as provided in subdivision (f), every damage
34 waiver shall provide or, if not expressly stated in writing, shall be
35 deemed to provide that the renter has no liability for any damage,
36 loss, loss of use, or any cost or expense incident thereto.

37 (2) Except as provided in subdivision (f), every limitation,
38 exception, or exclusion to any damage waiver is void and
39 unenforceable.



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

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

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

16 (3) Any authorized driver who has (A) provided fraudulent
17 information to the rental company, or (B) provided false
18 information and the rental company would not have rented the
19 vehicle if it had instead received true information.

20 (g) (1) A rental company which offers or provides a damage
21 waiver for any consideration in addition to the rental rate shall
22 clearly and conspicuously disclose the following information in
23 the rental contract or holder in which the contract is placed and,
24 also, in signs posted at the place, such as the counter, where the
25 renter signs the rental contract, and, for renters who are enrolled
26 in the rental company's membership program, in a sign which shall
27 be posted in a location clearly visible to those renters as they enter
28 the location where their reserved rental cars are parked or near the
29 exit of the bus or other conveyance that transports the enrollee to
30 a reserved car: (A) the nature of the renter's liability, e.g., liability
31 for all collision damage regardless of cause, (B) the extent of the
32 renter's liability, e.g., liability for damage or loss up to a specified
33 amount, (C) the renter's personal insurance policy or the credit
34 card used to pay for the car rental transaction may provide
35 coverage for all or a portion of the renter's potential liability, (D)
36 the renter should consult with his or her insurer to determine the
37 scope of insurance coverage, including the amount of the
38 deductible, if any, for which the renter is obligated, (E) the renter
39 may purchase an optional damage waiver to cover all liability,
40 subject to whatever exceptions the rental company expressly lists



1 that are permitted under subdivision (f), and (F) the range of
2 charges for the damage waiver.

3 (2) In addition to the requirements of paragraph (1), a rental
4 company that offers or provides damage waiver shall, orally
5 disclose to all renters, except those who are participants in the
6 rental company's membership program, that the damage waiver
7 may be duplicative of coverage that the customer maintains under
8 his or her own policy of motor vehicle insurance. The renter's
9 receipt of the oral disclosure shall be demonstrated through the
10 renter acknowledging receipt of the oral disclosure near that part
11 of the contract where the renter indicates, by the renter's own
12 initials, his or her acceptance or declination of the damage waiver.
13 Adjacent to that same part, the contract shall also state that damage
14 waiver is optional.

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

19

20 NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY
21 AND OPTIONAL DAMAGE WAIVER

22

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

27 Your own insurance, or the issuer of the credit card you use to
28 pay for the car rental transaction, may cover all or part of your
29 financial responsibility for the rented vehicle. You should check
30 with your insurance company, or credit card issuer, to find out
31 about your coverage and the amount of the deductible, if any, for
32 which you may be liable.

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

37 The rental company will not hold you responsible if you buy a
38 damage waiver. But a damage waiver will not protect you if (list
39 exceptions).

40



1 (A) When the above notice is printed in the contract or
2 contractholder, the following shall be printed immediately
3 following the notice:

4
5 “The cost of an optional damage waiver is \$_____ for every (day
6 or week).”

7
8 (B) When the above notice appears on a sign, the following
9 shall appear immediately adjacent to the notice:

10
11 “The cost of an optional damage waiver is \$_____ to \$_____ for
12 every (day or week), depending upon the vehicle rented.”

13
14 (h) Notwithstanding any other provision of law, a rental
15 company may sell a damage waiver subject to the following rate
16 limitations for each full or partial 24-hour rental day for the
17 damage waiver.

18 (1) For rental vehicles that the rental company designates as an
19 “economy car,” “subcompact car,” “compact car,” or any other
20 term having similar meaning when offered for rental, or any other
21 vehicle having a manufacturer’s suggested retail price of nineteen
22 thousand dollars (\$19,000) or less, the rate may not exceed nine
23 dollars (\$9).

24 (2) For rental vehicles that have a manufacturer’s suggested
25 retail price from nineteen thousand one dollars (\$19,001) to
26 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),
27 inclusive, and that is also either a vehicle of the next year’s model
28 year or not older than the previous year’s model year, the rate may
29 not exceed fifteen dollars (\$15). For those rental vehicles older
30 than the previous year’s model year, the rate may not exceed nine
31 dollars (\$9).

32 (i) On or after January 1, 2003, the manufacturer’s suggested
33 retail prices described in subdivision (h) shall be adjusted annually
34 to reflect changes from the previous year in the Consumer Price
35 Index. For the purposes of this section, “Consumer Price Index”
36 means the United States Consumer Price Index for All Urban
37 Consumers, for all items.

38 (j) A rental company which disseminates in this state an
39 advertisement containing a rental rate shall include in that



1 advertisement a clearly readable statement of the charge for
2 damage waiver and a statement that damage waiver is optional.

3 (k) (1) A rental company shall not require the purchase of a
4 damage waiver, optional insurance, or any other optional good or
5 service.

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

15 (l) (1) In the absence of express permission granted by the
16 renter subsequent to damage to, or loss of, the vehicle, a rental
17 company shall not seek to recover any portion of any claim arising
18 out of damage to, or loss of, the rented vehicle by processing a
19 credit card charge or causing any debit or block to be placed on the
20 renter's credit card account.

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

24 (m) (1) A customer facility charge may be collected by a rental
25 company under the following circumstances:

26 (A) Collection of the fee by the rental company is required by
27 an airport operated by a city, a county, a city and county, a joint
28 powers authority, or a special district.

29 (B) The fee is calculated on a per-contract basis.

30 (C) The fee is a user fee, not a tax imposed upon real property
31 or an incidence of property ownership under Article XIII D of the
32 California Constitution.

33 (D) Except as otherwise provided in subparagraph (E), the fee
34 shall be ten dollars (\$10) per contract.

35 (E) If the fee imposed by the airport is for both a consolidated
36 rental car facility and a common use transportation system, the fee
37 collected from customers of on-airport rental car companies shall
38 be ten dollars (\$10), but the fee imposed on customers of
39 off-airport rental car companies who are transported on the
40 common use transportation system is proportionate to the costs of



1 the common use transportation system only. The fee is uniformly
2 applied to each class of on-airport or off-airport customers,
3 provided the airport requires off-airport customers to use the
4 common use transportation system.

5 (F) Revenues collected from the fee do not exceed the
6 reasonable costs of financing, designing, constructing, or
7 operating the facility or services and may not be used for any other
8 purpose.

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

10 (H) This paragraph does not apply to airports whose fees are
11 governed by Section 1936.5 of the Civil Code, Section 50474.1 of
12 the Government Code, or Section 57.5 of the San Diego Unified
13 Port District Act.

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

22 (n) (1) A rental company shall only advertise, quote, and
23 charge a rental rate that includes the entire amount except taxes,
24 a customer facility charge, if any, and a mileage charge, if any,
25 which a renter must pay to hire or lease the vehicle for the period
26 of time to which the rental rate applies. A rental company shall not
27 charge in addition to the rental rate, taxes, a customer facility
28 charge, if any, and a mileage charge, if any, any fee which must be
29 paid by the renter as a condition of hiring or leasing the vehicle,
30 such as, but not limited to, required fuel or airport surcharges other
31 than customer facility charges, nor any fee for transporting the
32 renter to the location where the rented vehicle will be delivered to
33 the renter.

34 (2) In addition to the rental rate, taxes, customer facility
35 charges, if any, and mileage charges, if any, a rental company may
36 charge for an item or service provided in connection with a
37 particular rental transaction if the renter could have avoided
38 incurring the charge by choosing not to obtain or utilize the
39 optional item or service. Items and services for which the rental
40 company may impose an additional charge, include, but are not



1 limited to, optional insurance and accessories requested by the
2 renter, service charges incident to the renter's optional return of the
3 vehicle to a location other than the location where the vehicle was
4 hired or leased, and charges for refueling the vehicle at the
5 conclusion of the rental transaction in the event the renter did not
6 return the vehicle with as much fuel as was in the fuel tank at the
7 beginning of the rental. A rental company also may impose an
8 additional charge based on reasonable age criteria established by
9 the rental company.

10 (3) A rental company shall not charge any fee for authorized
11 drivers in addition to the rental charge for an individual renter.

12 (4) If a rental company states a rental rate in print advertisement
13 or in a telephonic, in-person, or computer-transmitted quotation,
14 the rental company shall clearly disclose in that advertisement or
15 quotation the terms of any mileage conditions relating to the
16 advertised or quoted rental rate, including, but not limited to, to the
17 extent applicable, the amount of mileage and gas charges, the
18 number of miles for which no charges will be imposed, and a
19 description of geographic driving limitations within the United
20 States and Canada.

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

37 (B) If any person or entity other than a rental car company,
38 including a passenger carrier or a seller of travel services,
39 advertises or quotes a rate for a car rental at an airport where a
40 customer facility charge is imposed, that person or entity shall,



1 provided they are provided with information about the existence
2 and amount of the fee, to the extent not specifically prohibited by
3 federal law, clearly disclose the existence and amount of the fee in
4 any telephonic, in-person, or computer-transmitted quotation at
5 the time of making an initial quotation of a rental rate and at the
6 time of making a reservation of a rental car. If a rental car company
7 provides the person or entity with rate and customer facility charge
8 information, the rental car company shall not be responsible for the
9 failure of that person or entity to comply with this subparagraph
10 when quoting or confirming a rate to a third person or entity.

11 (6) If a rental company delivers a vehicle to a renter at a
12 location other than the location where the rental company
13 normally carries on its business, the rental company shall not
14 charge the renter any amount for the rental for the period before
15 the delivery of the vehicle. If a rental company picks up a rented
16 vehicle from a renter at a location other than the location where the
17 rental company normally carries on its business, the rental
18 company shall not charge the renter any amount for the rental for
19 the period after the renter notifies the rental company to pick up
20 the vehicle.

21 (o) A renter may bring an action against a rental company for
22 the recovery of damages and appropriate equitable relief for a
23 violation of this section. The prevailing party shall be entitled to
24 recover reasonable attorney's fees and costs.

25 (p) A rental company that brings an action against a renter for
26 loss due to theft of the vehicle shall bring the action in the county
27 in which the renter resides or if the renter is not a resident of this
28 state in the jurisdiction in which the renter resides.

29 (q) Any waiver of any of the provisions of this section shall be
30 void and unenforceable as contrary to public policy.

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

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

36 (i) All of the disclosures required by paragraph (1) of
37 subdivision (g) including the terms and conditions of the rental
38 agreement then in effect.

39 (ii) A Web site address, as well as a contact number or address,
40 where the enrollee can learn of any changes to the rental agreement



1 or to the laws of this state governing rental agreements since the
2 effective date of the rental company's most recent restatement of
3 the rental agreement and distribution of that restatement to its
4 members.

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

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

18 The hanger shall provide the renter a box to initial if he or she
19 (not his or her employer) has previously accepted or declined the
20 collision damage waiver and that he or she now wishes to change
21 his or her decision to accept or decline the collision damage
22 waiver, as follows:

23
24 “ If I previously accepted the collision damage waiver, I now
25 decline it.

26
27 If I previously declined the collision damage waiver, I now
28 accept it.”

29
30 The hanger shall also provide a box for the enrollee to indicate
31 whether this change applies to this rental transaction only or to all
32 future rental transactions. The hanger shall also notify the renter
33 that he or she may make such a change, prior to leaving the lot, by
34 returning the form to an employee designated to receive the form
35 who is present at the lot where the renter takes possession of the
36 car, to receive any change in the rental agreement from the renter.

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



1 (B) This subdivision does not relieve the rental company from
2 those disclosures that are required to be made within the text of a
3 contract or holder in which the contract is placed; in or on an
4 advertisement containing a rental rate; or in a telephonic,
5 in-person, or computer-transmitted quotation or reservation.

6 (s) The amendments made to this section during the 2001–02
7 Regular Session of the Legislature do not affect litigation pending
8 on or before January 1, 2003, alleging a violation of Section 22325
9 of the Business and Professions Code as it read at the time the
10 action was commenced.

11 ~~(t) (1) This section, other than paragraph (2) of subdivision~~
12 ~~(m), does~~

13 *(t) This section, other than subdivisions (l) and (m), and*
14 *Section 22325 of the Business and Professions Code, do not apply*
15 *to either of the following:*

16 ~~(A)~~

17 *(1) A rental company's rental of a passenger vehicle to a*
18 *business renter of a business program sponsor under the sponsor's*
19 *business program if, at or before the commencement of the rental,*
20 *the renter identifies, including through the use of an identifying*
21 *number or program name, the business program as being*
22 *applicable to the rental.*

23 ~~(B) Any advertisement or charge~~

24 *(2) Any advertisement, quotation, reservation, or charge that*
25 *is, or is to be, made with respect to any such rental.*

26 ~~(2) For purposes of this subdivision, "business program~~
27 ~~sponsor" means either of the following:~~

28 ~~(A) A legal entity other than a natural person, including, but not~~
29 ~~limited to, a corporation, limited liability company, partnership,~~
30 ~~government agency, or municipality.~~

31 ~~(B) A for-profit business being conducted in the form of a sole~~
32 ~~proprietorship.~~

33 (u) This section shall remain in effect only until January 1,
34 2006, and as of that date is repealed, unless a later enacted statute,
35 that is enacted before January 1, 2006, deletes or extends that date.

36 SEC. 2. Section 1936 of the Civil Code, as added by Section
37 3 of Chapter 948 of the Statutes of 2002, is amended to read:

38 1936. (a) For the purpose of this section, the following
39 definitions shall apply:



1 (1) “Rental company” means any person or entity in the
2 business of renting passenger vehicles to the public.

3 (2) “Renter” means any person in any manner obligated under
4 a contract for the lease or hire of a passenger vehicle from a rental
5 company for a period of less than 30 days.

6 (3) “Authorized driver” means (A) the renter, (B) the renter’s
7 spouse if that person is a licensed driver and satisfies the rental
8 company’s minimum age requirement, (C) the renter’s employer
9 or coworker if they are engaged in business activity with the renter,
10 are licensed drivers, and satisfy the rental company’s minimum
11 age requirement, and (D) any person expressly listed by the rental
12 company on the renter’s contract as an authorized driver.

13 ~~(A)–~~

14 (4) “Business program” means (A) a contract between a rental
15 company and a business program sponsor that establishes the
16 rental rate, or any other material term, on which the rental
17 company will rent passenger vehicles to persons authorized by the
18 sponsor, or (B) a plan, program, or other arrangement established
19 by a rental company at the request of, or with the knowledge and
20 cooperation of, a business program sponsor under which the rental
21 company offers to rent passenger vehicles to persons authorized by
22 the sponsor at rates, or on other material terms, that are not the
23 same as those generally offered by the rental company to the
24 public.

25 (5) “Business program sponsor” means (A) a legal entity other
26 than a natural person, including without limitation, a corporation,
27 limited liability company, partnership, government, or
28 municipality, or (B) a for-profit business being conducted in the
29 form of a sole proprietorship.

30 (6) “Business renter” means, for any business program
31 sponsor, a person who is authorized by the sponsor to rent under
32 the sponsor’s business program, but the term does not include (A)
33 a nonemployee member of a not-for-profit organization, (B) the
34 purchaser of a voucher or other prepaid rental arrangement from
35 a person, including a tour operator, engaged in the business of
36 reselling those vouchers or prepaid rental arrangements to the
37 general public, (C) a person insured or provided coverage under
38 a policy of insurance issued by an insurance company, or (D) a
39 person who purchases passenger vehicle repair services from a
40 person licensed to perform such services.

1 (7) (A) “Customer facility charge” means a fee required by an
2 airport to be collected by a rental company from a renter for any
3 of the following purposes:

4 (i) The fee shall be used to finance, design, and construct
5 consolidated airport car rental facilities.

6 (ii) The fee shall be used to finance, design, construct, and
7 provide common use transportation systems that move passengers
8 between airport terminals and those consolidated car rental
9 facilities.

10 (B) The aggregate amount to be collected shall not exceed the
11 reasonable costs, as determined by an independent audit paid for
12 by the airport, to finance, design, and construct those facilities.
13 Copies of the audit shall be provided to the Assembly and Senate
14 Committees on Judiciary and Committees on Transportation. In
15 the case of a transportation system, the audit shall also consider the
16 reasonable costs of providing the transit system or busing network.
17 At the Burbank Airport, and at all other airports, the fees
18 designated as a Customer Facility Charge may not be used to pay
19 for terminal expansion, gate expansion, runway expansion,
20 changes in hours of operation, or changes in the number of flights
21 arriving or departing from the airport.

22 (C) The authorization given pursuant to this section for an
23 airport to impose a customer facility charge shall become
24 inoperative when the bonds used for financing are paid.

25 ~~(4)~~

26 (8) “Damage waiver” means a rental company’s agreement
27 not to hold a renter liable for all or any portion of any damage or
28 loss related to the rented vehicle, any loss of use of the rented
29 vehicle, or any storage, impound, towing, or administrative
30 charges.

31 ~~(5)~~

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

37 ~~(6)~~

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



1 ~~(7)~~

2 (11) “Passenger vehicle” means a passenger vehicle as defined
3 in Section 465 of the Vehicle Code.

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

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

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

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

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

38 (5) Actual charges for towing, storage, and impound fees paid
39 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
14 parts which shall not exceed the product of (A) the rate for labor
15 usually paid by the rental company to replace vehicle parts of the
16 type that were damaged and (B) the estimated time for
17 replacement. All discounts and price reductions or adjustments
18 that are or will be received by the rental company shall be
19 subtracted from the estimate to the extent not already incorporated
20 in the estimate or otherwise promptly credited or refunded to the
21 renter.

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

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

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

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

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

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

38 (6) The administrative charge described in paragraph (6) of
39 subdivision (b) may not exceed (A) fifty dollars (\$50) if the total
40 estimated cost for parts and labor is more than one hundred dollars



1 (\$100) up to and including five hundred dollars (\$500), (B) one
2 hundred dollars (\$100) if the total estimated cost for parts and
3 labor exceeds five hundred dollars (\$500) up to and including one
4 thousand five hundred dollars (\$1,500), and (C) one hundred fifty
5 dollars (\$150) if the total estimated cost for parts and labor exceeds
6 one thousand five hundred dollars (\$1,500). No administrative
7 charge may be imposed if the total estimated cost of parts and labor
8 is one hundred dollars (\$100) or less.

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

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

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

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



1 company. The renter shall remain responsible for payment to the
2 rental car company for any loss sustained that the renter's
3 applicable personal or business insurance policy does not cover.

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

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

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

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

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

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

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

37 (g) (1) A rental company which offers or provides a damage
38 waiver for any consideration in addition to the rental rate shall
39 clearly and conspicuously disclose the following information in
40 the rental contract or holder in which the contract is placed and,



1 also, in signs posted at the place, such as the counter, where the
2 renter signs the rental contract: (A) the nature of the renter’s
3 liability, e.g., liability for all collision damage regardless of cause,
4 (B) the extent of the renter’s liability, e.g., liability for damage or
5 loss up to a specified amount, (C) the renter’s personal insurance
6 policy or the credit card used to pay for the car rental transaction
7 may provide coverage for all or a portion of the renter’s potential
8 liability, (D) the renter should consult with his or her insurer to
9 determine the scope of insurance coverage, including the amount
10 of the deductible, if any, for which the renter is obligated, (E) the
11 renter may purchase an optional damage waiver to cover all
12 liability, subject to whatever exceptions the rental company
13 expressly lists that are permitted under subdivision (f), and (F) the
14 range of charges for the damage waiver.

15 (2) In addition to the requirements of paragraph (1), a rental
16 company that offers or provides damage waiver shall, on that part
17 of the contract where the renter indicates his or her acceptance or
18 declination of the damage waiver, indicate that the purchase of the
19 damage waiver is optional.

20 (3) The following is an example, for purposes of illustration
21 and not limitation, of a notice fulfilling the requirements of
22 paragraph (1) for a rental company that imposes liability on the
23 renter for collision damage to the full value of the vehicle:
24

25 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY
26 AND OPTIONAL DAMAGE WAIVER
27

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

32 Your own insurance, or the issuer of the credit card you use to
33 pay for the car rental transaction, may cover all or part of your
34 financial responsibility for the rented vehicle. You should check
35 with your insurance company, or credit card issuer, to find out
36 about your coverage and the amount of the deductible, if any, for
37 which you may be liable.

38 Further, if you use a credit card that provides coverage for your
39 potential liability, you should check with the issuer to determine



1 if you must first exhaust the coverage limits of your own insurance
2 before the credit card coverage applies.

3 The rental company will not hold you responsible if you buy a
4 damage waiver. But a damage waiver will not protect you if (list
5 exceptions).”

6
7 (A) When the above notice is printed in the contract or
8 contractholder, the following shall be printed immediately
9 following the notice:

10
11 “The cost of an optional damage waiver is \$_____ for every (day
12 or week).”

13
14 (B) When the above notice appears on a sign, the following
15 shall appear immediately adjacent to the notice:

16
17 “The cost of an optional damage waiver is \$_____ to \$_____ for
18 every (day or week), depending upon the vehicle rented.”

19
20 (h) Notwithstanding any other provision of law, a rental
21 company may sell a damage waiver subject to the following rate
22 limitations for each full or partial 24-hour rental day for the
23 damage waiver:

24 (1) For rental vehicles that the rental company designates as an
25 “economy car,” “subcompact car,” “compact car,” or any other
26 term having similar meaning when offered for rental, or any other
27 vehicle having a manufacturer’s suggested retail price of nineteen
28 thousand dollars (\$19,000) or less, the rate may not exceed nine
29 dollars (\$9).

30 (2) For rental vehicles that have a manufacturer’s suggested
31 retail price from nineteen thousand one dollars (\$19,001) to
32 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),
33 inclusive, and that is also either a vehicle of the next year’s model
34 year or not older than the previous year’s model year, the rate may
35 not exceed fifteen dollars (\$15). For those rental vehicles older
36 than the previous year’s model year, the rate may not exceed nine
37 dollars (\$9).

38 (i) On or after January 1, 2003, the manufacturer’s suggested
39 retail prices described in subdivision (h) shall be adjusted annually
40 to reflect changes from the previous year in the Consumer Price



1 Index. For the purposes of this section, “Consumer Price Index”
2 means the United States Consumer Price Index for All Urban
3 Consumers, for all items.

4 (j) A rental company which disseminates in this state an
5 advertisement containing a rental rate shall include in that
6 advertisement a clearly readable statement of the charge for
7 damage waiver and a statement that damage waiver is optional.

8 (k) (1) A rental company may not require the purchase of a
9 damage waiver, optional insurance, or any other optional good or
10 service.

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

20 (l) (1) In the absence of express permission granted by the
21 renter subsequent to damage to, or loss of, the vehicle, a rental
22 company may not seek to recover any portion of any claim arising
23 out of damage to, or loss of, the rented vehicle by processing a
24 credit card charge or causing any debit or block to be placed on the
25 renter’s credit card account.

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

29 (m) (1) A customer facility charge may be collected by a rental
30 company under the following circumstances:

31 (A) Collection of the fee by the rental company is required by
32 an airport operated by a city, a county, a city and county, a joint
33 powers authority, or a special district.

34 (B) The fee is calculated on a per-contract basis.

35 (C) The fee is a user fee, not a tax imposed upon real property
36 or an incidence of property ownership under Article XIII D of the
37 California Constitution.

38 (D) Except as otherwise provided in subparagraph (E), the fee
39 shall be ten dollars (\$10) per contract.



1 (E) If the fee imposed by the airport is for both a consolidated
2 rental car facility and a common use transportation system, the fee
3 collected from customers of on-airport rental car companies shall
4 be ten dollars (\$10), but the fee imposed on customers of
5 off-airport rental car companies who are transported on the
6 common use transportation system is proportionate to the costs of
7 the common use transportation system only. The fee is uniformly
8 applied to each class of on-airport or off-airport customers,
9 provided the airport requires off-airport customers to use the
10 common use transportation system.

11 (F) Revenues collected from the fee do not exceed the
12 reasonable costs of financing, designing, constructing, or
13 operating the facility or services and may not be used for any other
14 purpose.

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

16 (H) This paragraph does not apply to airports whose fees are
17 governed by Section 1936.5 of the Civil Code, Section 50474.1 of
18 the Government Code, or Section 57.5 of the San Diego Unified
19 Port District Act.

20 (2) Notwithstanding any other provision of law, including, but
21 not limited to, Part 1 (commencing with Section 6001) to Part 1.7
22 (commencing with Section 7280), inclusive, of Division 2 of the
23 Revenue and Taxation Code, the fees collected pursuant to this
24 section, or any other law whereby a local agency operating an
25 airport requires a rental car company to collect a facility financing
26 fee from its customers, shall not be subject to sales, use, or
27 transaction taxes.

28 (n) (1) A rental company shall only advertise, quote, and
29 charge a rental rate that includes the entire amount except taxes,
30 a customer facility charge, if any, and a mileage charge, if any,
31 which a renter must pay to hire or lease the vehicle for the period
32 of time to which the rental rate applies. A rental company may not
33 charge in addition to the rental rate, taxes, a customer facility
34 charge, if any, and a mileage charge, if any, any fee which must be
35 paid by the renter as a condition of hiring or leasing the vehicle,
36 such as, but not limited to, required fuel or airport surcharges other
37 than customer facility charges, nor any fee for transporting the
38 renter to the location where the rented vehicle will be delivered to
39 the renter.



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

17 (3) A rental company may not charge any fee for authorized
18 drivers in addition to the rental charge for an individual renter.

19 (4) If a rental company states a rental rate in print advertisement
20 or in a telephonic, in-person, or computer-transmitted quotation,
21 the rental company shall clearly disclose in that advertisement or
22 quotation the terms of any mileage conditions relating to the
23 advertised or quoted rental rate, including, but not limited to, to the
24 extent applicable, the amount of mileage and gas charges, the
25 number of miles for which no charges will be imposed, and a
26 description of geographic driving limitations within the United
27 States and Canada.

28 (5) (A) When a rental rate is stated in an advertisement,
29 quotation, or reservation in connection with a car rental at an
30 airport where a customer facility charge is imposed, the rental
31 company shall clearly disclose the existence and amount of the
32 customer facility charge. For the purposes of this subparagraph,
33 advertisements include radio, television, other electronic media,
34 and print advertisements. For purposes of this subparagraph,
35 quotations and reservations include those that are telephonic,
36 in-person, and computer-transmitted. If the rate advertisement is
37 intended to include transactions at more than one airport imposing
38 a customer facility charge, a range of fees may be stated in the
39 advertisement. However, all rate advertisements that include car
40 rentals at airport destinations shall clearly and conspicuously



1 include a toll-free telephone number whereby a customer can be
2 told the specific amount of the customer facility charge to which
3 the customer will be obligated.

4 (B) If any person or entity other than a rental car company,
5 including a passenger carrier or a seller of travel services,
6 advertises or quotes a rate for a car rental at an airport where a
7 customer facility charge is imposed, that person or entity shall,
8 provided they are provided with information about the existence
9 and amount of the fee, to the extent not specifically prohibited by
10 federal law, clearly disclose the existence and amount of the fee in
11 any telephonic, in-person, or computer-transmitted quotation at
12 the time of making an initial quotation of a rental rate and at the
13 time of making a reservation of a rental car. If a rental car company
14 provides the person or entity with rate and customer facility charge
15 information, the rental car company shall not be responsible for the
16 failure of that person or entity to comply with this subparagraph
17 when quoting or confirming a rate to a third person or entity.

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

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

32 (p) A rental company that brings an action against a renter for
33 loss due to theft of the vehicle shall bring the action in the county
34 in which the renter resides or if the renter is not a resident of this
35 state in the jurisdiction in which the renter resides.

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

38 ~~(r) (1) This section, other than paragraph (2) of subdivision~~
39 ~~(m), does~~



1 (r) This section, other than subdivisions (l) and (m), and
2 Section 22325 of the Business and Professions Code, do not apply
3 to either of the following:

4 ~~(A)~~

5 (1) A rental company's rental of a passenger vehicle to a
6 business renter of a business program if, at or before the
7 commencement of the rental, the renter identifies, including
8 through the use of an identifying number or program name, the
9 business program as being applicable to the rental.

10 ~~(B) Any advertisement or charge~~

11 (2) Any advertisement, quotation, reservation, or charge that
12 is, or is to be, made with respect to any such rental.

13 ~~(2) For purposes of this subdivision, "business program~~
14 ~~sponsor" means either of the following:~~

15 ~~(A) A legal entity other than a natural person, including, but not~~
16 ~~limited to, a corporation, limited liability company, partnership,~~
17 ~~government agency, or municipality.~~

18 ~~(B) A for-profit business being conducted in the form of a sole~~
19 ~~proprietorship.~~

