

AMENDED IN ASSEMBLY APRIL 27, 2004

AMENDED IN ASSEMBLY APRIL 1, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2761**

**Introduced by Assembly Member Leno**

February 20, 2004

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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~~ *authorize a rental car company to separately quote, and separately impose, additional charges for the rental in connection with the 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:

4 1936. (a) For the purpose of this section, the following  
5 definitions shall apply:

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

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

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

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

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

34 (6) “Business renter” means, for any business program  
35 sponsor, a person who is authorized by the sponsor to ~~rent~~ *enter*  
36 *a rental agreement* under the sponsor’s business program, but the  
37 term does not include (A) a nonemployee member of a  
38 not-for-profit organization, (B) the purchaser of a voucher or other



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

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

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

16 (ii) The fee shall be used to finance, design, construct, and  
17 provide common use transportation systems that move passengers  
18 between airport terminals and those consolidated car rental  
19 facilities.

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

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

35 (8) “Damage waiver” means a rental company’s agreement  
36 not to hold a renter liable for all or any portion of any damage or  
37 loss related to the rented vehicle, any loss of use of the rented  
38 vehicle, or any storage, impound, towing, or administrative  
39 charges.



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

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

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

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

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

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

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

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

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

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

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

37 (2) Loss due to theft of the rented vehicle up to its fair market  
38 value, as determined in the customary market for the sale of that  
39 vehicle, provided that the rental company establishes by clear and  
40 convincing evidence that the renter or the authorized driver failed



1 to exercise ordinary care while in possession of the vehicle. In  
2 addition, the renter shall be presumed to have no liability for any  
3 loss due to theft if (A) an authorized driver has possession of the  
4 ignition key furnished by the rental company or an authorized  
5 driver establishes that the ignition key furnished by the rental  
6 company was not in the vehicle at the time of the theft, and (B) an  
7 authorized driver files an official report of the theft with the police  
8 or other law enforcement agency within 24 hours of learning of the  
9 theft and reasonably cooperates with the rental company and the  
10 police or other law enforcement agency in providing information  
11 concerning the theft. The presumption set forth in this paragraph  
12 is a presumption affecting the burden of proof which the rental  
13 company may rebut by establishing that an authorized driver  
14 committed, or aided and abetted the commission of, the theft.

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

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

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

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

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

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

38 (2) The estimated cost of labor to replace damaged vehicle  
39 parts which shall not exceed the product of (A) the rate for labor  
40 usually paid by the rental company to replace vehicle parts of the



1 type that were damaged and (B) the estimated time for  
2 replacement. All discounts and price reductions or adjustments  
3 that are or will be received by the rental company shall be  
4 subtracted from the estimate to the extent not already incorporated  
5 in the estimate or otherwise promptly credited or refunded to the  
6 renter.

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

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

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

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

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

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

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

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

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



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

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

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

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

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



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

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

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

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

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

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



1 deductible, if any, for which the renter is obligated, (E) the renter  
2 may purchase an optional damage waiver to cover all liability,  
3 subject to whatever exceptions the rental company expressly lists  
4 that are permitted under subdivision (f), and (F) the range of  
5 charges for the damage waiver.

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

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

22  
23 NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
24 AND OPTIONAL DAMAGE WAIVER  
25

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

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

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



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

4  
5 (A) When the above notice is printed in the contract or  
6 contractholder, the following shall be printed immediately  
7 following the notice:

8  
9 “The cost of an optional damage waiver is \$\_\_\_\_\_ for every (day  
10 or week).”

11  
12 (B) When the above notice appears on a sign, the following  
13 shall appear immediately adjacent to the notice:

14  
15 “The cost of an optional damage waiver is \$\_\_\_\_\_ to \$\_\_\_\_\_ for  
16 every (day or week), depending upon the vehicle rented.”

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

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

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

36 (i) On or after January 1, 2003, the manufacturer’s suggested  
37 retail prices described in subdivision (h) shall be adjusted annually  
38 to reflect changes from the previous year in the Consumer Price  
39 Index. For the purposes of this section, “Consumer Price Index”



1 means the United States Consumer Price Index for All Urban  
2 Consumers, for all items.

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

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

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

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

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

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

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

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

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

39 (E) If the fee imposed by the airport is for both a consolidated  
40 rental car facility and a common use transportation system, the fee



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

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

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

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

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

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



1 *sponsor under the sponsor's business program, a rental car*  
2 *company may do both of the following:*

3 (i) *Separately quote additional charges for the rental, if, at the*  
4 *time the quote is provided, the person receiving the quotation is*  
5 *also provided a good faith estimate of the total of all the charges*  
6 *for the entire rental. The estimate may exclude mileage charges*  
7 *and charges for optional items and services that cannot be*  
8 *determined prior to completing the reservation based upon the*  
9 *information provided by the renter.*

10 (ii) *Separately impose additional charges for the rental, if the*  
11 *rental contract, or another document provided to the renter at the*  
12 *time and place the rental commences, clearly and conspicuously*  
13 *discloses the total of all the charges for the entire rental, exclusive*  
14 *of charges that cannot be determined at the time the rental*  
15 *commences.*

16 (B) *As used in this subdivision:*

17 (i) *"Additional charges" are charges other than a per period*  
18 *base rental rate.*

19 (ii) *"Quote" includes telephonic, in-person, and*  
20 *computer-transmitted quotations.*

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

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

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



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

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

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

38 (6) If a rental company delivers a vehicle to a renter at a  
39 location other than the location where the rental company  
40 normally carries on its business, the rental company shall not



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

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

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

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

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

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

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

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

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

37 (C) At the commencement of each rental period, the rental  
38 company provides, on the rearview mirror, a hanger on which a  
39 statement is printed, in a box, in at least 12-point boldface type,  
40 notifying the renter that the collision damage waiver offered by the



1 rental company may be duplicative of coverage that the customer  
2 maintains under his or her own policy of motor vehicle insurance.  
3 If it is not feasible to hang the statement from the rearview mirror,  
4 it shall be hung from the steering wheel.

5 The hanger shall provide the renter a box to initial if he or she  
6 (not his or her employer) has previously accepted or declined the  
7 collision damage waiver and that he or she now wishes to change  
8 his or her decision to accept or decline the collision damage  
9 waiver, as follows:

10

11 “ If I previously accepted the collision damage waiver, I now  
12 decline it.

13

14  If I previously declined the collision damage waiver, I now  
15 accept it.”

16

17 The hanger shall also provide a box for the enrollee to indicate  
18 whether this change applies to this rental transaction only or to all  
19 future rental transactions. The hanger shall also notify the renter  
20 that he or she may make such a change, prior to leaving the lot, by  
21 returning the form to an employee designated to receive the form  
22 who is present at the lot where the renter takes possession of the  
23 car, to receive any change in the rental agreement from the renter.

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

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

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

37 ~~(t) This section, other than subdivisions (l) and (m), and~~  
38 ~~Section 22325 of the Business and Professions Code, do not apply~~  
39 ~~to either of the following:~~



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

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

9 ~~(t)~~

10 (t) This section shall remain in effect only until January 1,  
11 2006, and as of that date is repealed, unless a later enacted statute,  
12 that is enacted before January 1, 2006, deletes or extends that date.

13 SEC. 2. Section 1936 of the Civil Code, as added by Section  
14 3 of Chapter 948 of the Statutes of 2002, is amended to read:

15 1936. (a) For the purpose of this section, the following  
16 definitions shall apply:

17 (1) "Rental company" means any person or entity in the  
18 business of renting passenger vehicles to the public.

19 (2) "Renter" means any person in any manner obligated under  
20 a contract for the lease or hire of a passenger vehicle from a rental  
21 company for a period of less than 30 days.

22 (3) "Authorized driver" means (A) the renter, (B) the renter's  
23 spouse if that person is a licensed driver and satisfies the rental  
24 company's minimum age requirement, (C) the renter's employer  
25 or coworker if they are engaged in business activity with the renter,  
26 are licensed drivers, and satisfy the rental company's minimum  
27 age requirement, and (D) any person expressly listed by the rental  
28 company on the renter's contract as an authorized driver.

29 (4) "Business program" means (A) a contract between a rental  
30 company and a business program sponsor that ~~establishes~~ *has*  
31 *established* the rental rate, or any other material term, on which the  
32 rental company will rent passenger vehicles to persons authorized  
33 by the sponsor, or (B) a plan, program, or other arrangement  
34 established by a rental company at the request of, or with the  
35 knowledge and cooperation of, a business program sponsor under  
36 which the rental company offers to rent passenger vehicles to  
37 persons authorized by the sponsor at rates, or on other material  
38 terms, that are not the same as those generally offered by the rental  
39 company to the public.



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

6 (6) “Business renter” means, for any business program  
7 sponsor, a person who is authorized by the sponsor to ~~rent~~ *enter*  
8 *a rental agreement* under the sponsor’s business program, but the  
9 term does not include (A) a nonemployee member of a  
10 not-for-profit organization, (B) the purchaser of a voucher or other  
11 prepaid rental arrangement from a person, including a tour  
12 operator, engaged in the business of reselling those vouchers or  
13 prepaid rental arrangements to the general public, (C) a person  
14 *whose car rental is eligible for reimbursement in whole or in part*  
15 *as a result of the person being insured or provided coverage under*  
16 *a policy of insurance issued by an insurance company, or (D) a*  
17 *person who purchases whose car rental is eligible for*  
18 *reimbursement in whole or in part as a result of the person*  
19 *purchasing* passenger vehicle repair services from a person  
20 licensed to perform such services.

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

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

26 (ii) The fee shall be used to finance, design, construct, and  
27 provide common use transportation systems that move passengers  
28 between airport terminals and those consolidated car rental  
29 facilities.

30 (B) The aggregate amount to be collected shall not exceed the  
31 reasonable costs, as determined by an independent audit paid for  
32 by the airport, to finance, design, and construct those facilities.  
33 Copies of the audit shall be provided to the Assembly and Senate  
34 Committees on Judiciary and Committees on Transportation. In  
35 the case of a transportation system, the audit shall also consider the  
36 reasonable costs of providing the transit system or busing network.  
37 At the Burbank Airport, and at all other airports, the fees  
38 designated as a Customer Facility Charge may not be used to pay  
39 for terminal expansion, gate expansion, runway expansion,



1 changes in hours of operation, or changes in the number of flights  
2 arriving or departing from the airport.

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

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

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

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

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

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

24 (1) Physical or mechanical damage to the rented vehicle up to  
25 its fair market value, as determined in the customary market for the  
26 sale of that vehicle, resulting from collision regardless of the cause  
27 of the damage.

28 (2) Loss due to theft of the rented vehicle up to its fair market  
29 value, as determined in the customary market for the sale of that  
30 vehicle, provided that the rental company establishes by clear and  
31 convincing evidence that the renter or the authorized driver failed  
32 to exercise ordinary care while in possession of the vehicle. In  
33 addition, the renter shall be presumed to have no liability for any  
34 loss due to theft if (A) an authorized driver has possession of the  
35 ignition key furnished by the rental company or an authorized  
36 driver establishes that the ignition key furnished by the rental  
37 company was not in the vehicle at the time of the theft, and (B) an  
38 authorized driver files an official report of the theft with the police  
39 or other law enforcement agency within 24 hours of learning of the  
40 theft and reasonably cooperates with the rental company and the



1 police or other law enforcement agency in providing information  
2 concerning the theft. The presumption set forth in this paragraph  
3 is a presumption affecting the burden of proof which the rental  
4 company may rebut by establishing that an authorized driver  
5 committed, or aided and abetted the commission of, the theft.

6 (3) Physical damage to the rented vehicle up to its fair market  
7 value, as determined in the customary market for the sale of that  
8 vehicle, resulting from vandalism occurring after, or in connection  
9 with, the theft of the rented vehicle; however, the renter shall have  
10 no liability for any damage due to vandalism if the renter would  
11 have no liability for theft pursuant to paragraph (2).

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

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

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

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

23 (1) The estimated cost of parts which the rental company would  
24 have to pay to replace damaged vehicle parts. All discounts and  
25 price reductions or adjustments that are or will be received by the  
26 rental company shall be subtracted from the estimate to the extent  
27 not already incorporated in the estimate or otherwise promptly  
28 credited or refunded to the renter.

29 (2) The estimated cost of labor to replace damaged vehicle  
30 parts which shall not exceed the product of (A) the rate for labor  
31 usually paid by the rental company to replace vehicle parts of the  
32 type that were damaged and (B) the estimated time for  
33 replacement. All discounts and price reductions or adjustments  
34 that are or will be received by the rental company shall be  
35 subtracted from the estimate to the extent not already incorporated  
36 in the estimate or otherwise promptly credited or refunded to the  
37 renter.

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



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

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

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

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

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

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

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

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

33 (3) A claim against a renter resulting from damage or loss,  
34 excluding loss of use, to a rental vehicle shall be reasonably and  
35 rationally related to the actual loss incurred. A rental company  
36 shall mitigate damages where possible and may not assert or  
37 collect any claim for physical damage which exceeds the actual  
38 costs of the repairs performed or the estimated cost of repairs, if  
39 the rental company chooses not to repair the vehicle, including all  
40 discounts and price reductions. However, if the vehicle is a total



1 loss vehicle, the claim may not exceed the total loss vehicle value  
2 established in accordance with procedures that are customarily  
3 used by insurance companies when paying claims on total loss  
4 vehicles, less the proceeds from salvaging the vehicle, if those  
5 proceeds are retained by the rental company.

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

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

24 (6) This section applies only to the maximum liability of a  
25 renter or other authorized driver to the rental company resulting  
26 from damage to the rented vehicle and not to the liability of any  
27 other person.

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

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

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

38 (1) Damage or loss results from an authorized driver's (A)  
39 intentional, willful, wanton, or reckless conduct, (B) operation of  
40 the vehicle under the influence of drugs or alcohol in violation of



1 Section 23152 of the Vehicle Code, (C) towing or pushing  
2 anything, or (D) operation of the vehicle on an unpaved road if the  
3 damage or loss is a direct result of the road or driving conditions.

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

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

14 (g) (1) A rental company which offers or provides a damage  
15 waiver for any consideration in addition to the rental rate shall  
16 clearly and conspicuously disclose the following information in  
17 the rental contract or holder in which the contract is placed and,  
18 also, in signs posted at the place, such as the counter, where the  
19 renter signs the rental contract: (A) the nature of the renter's  
20 liability, e.g., liability for all collision damage regardless of cause,  
21 (B) the extent of the renter's liability, e.g., liability for damage or  
22 loss up to a specified amount, (C) the renter's personal insurance  
23 policy or the credit card used to pay for the car rental transaction  
24 may provide coverage for all or a portion of the renter's potential  
25 liability, (D) the renter should consult with his or her insurer to  
26 determine the scope of insurance coverage, including the amount  
27 of the deductible, if any, for which the renter is obligated, (E) the  
28 renter may purchase an optional damage waiver to cover all  
29 liability, subject to whatever exceptions the rental company  
30 expressly lists that are permitted under subdivision (f), and (F) the  
31 range of charges for the damage waiver.

32 (2) In addition to the requirements of paragraph (1), a rental  
33 company that offers or provides damage waiver shall, on that part  
34 of the contract where the renter indicates his or her acceptance or  
35 declination of the damage waiver, indicate that the purchase of the  
36 damage waiver is optional.

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



1 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
2 AND OPTIONAL DAMAGE WAIVER

3  
4 You are responsible for all collision damage to the rented  
5 vehicle even if someone else caused it or the cause is unknown.  
6 You are responsible for the cost of repair up to the value of the  
7 vehicle, and towing, storage, and impound fees.

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

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

18 The rental company will not hold you responsible if you buy a  
19 damage waiver. But a damage waiver will not protect you if (list  
20 exceptions).”

21  
22 (A) When the above notice is printed in the contract or  
23 contractholder, the following shall be printed immediately  
24 following the notice:

25  
26 “The cost of an optional damage waiver is \$\_\_\_\_\_ for every (day  
27 or week).”

28  
29 (B) When the above notice appears on a sign, the following  
30 shall appear immediately adjacent to the notice:

31  
32 “The cost of an optional damage waiver is \$\_\_\_\_\_ to \$\_\_\_\_\_ for  
33 every (day or week), depending upon the vehicle rented.”

34  
35 (h) Notwithstanding any other provision of law, a rental  
36 company may sell a damage waiver subject to the following rate  
37 limitations for each full or partial 24-hour rental day for the  
38 damage waiver:

39 (1) For rental vehicles that the rental company designates as an  
40 “economy car,” “subcompact car,” “compact car,” or any other



1 term having similar meaning when offered for rental, or any other  
2 vehicle having a manufacturer's suggested retail price of nineteen  
3 thousand dollars (\$19,000) or less, the rate may not exceed nine  
4 dollars (\$9).

5 (2) For rental vehicles that have a manufacturer's suggested  
6 retail price from nineteen thousand one dollars (\$19,001) to  
7 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),  
8 inclusive, and that is also either a vehicle of the next year's model  
9 year or not older than the previous year's model year, the rate may  
10 not exceed fifteen dollars (\$15). For those rental vehicles older  
11 than the previous year's model year, the rate may not exceed nine  
12 dollars (\$9).

13 (i) On or after January 1, 2003, the manufacturer's suggested  
14 retail prices described in subdivision (h) shall be adjusted annually  
15 to reflect changes from the previous year in the Consumer Price  
16 Index. For the purposes of this section, "Consumer Price Index"  
17 means the United States Consumer Price Index for All Urban  
18 Consumers, for all items.

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

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

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

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



1 (2) A rental company may not engage in any unfair, deceptive,  
2 or coercive tactics in attempting to recover or in recovering on any  
3 claim arising out of damage to, or loss of, the rented vehicle.  
4 (m) (1) A customer facility charge may be collected by a rental  
5 company under the following circumstances:  
6 (A) Collection of the fee by the rental company is required by  
7 an airport operated by a city, a county, a city and county, a joint  
8 powers authority, or a special district.  
9 (B) The fee is calculated on a per-contract basis.  
10 (C) The fee is a user fee, not a tax imposed upon real property  
11 or an incidence of property ownership under Article XIII D of the  
12 California Constitution.  
13 (D) Except as otherwise provided in subparagraph (E), the fee  
14 shall be ten dollars (\$10) per contract.  
15 (E) If the fee imposed by the airport is for both a consolidated  
16 rental car facility and a common use transportation system, the fee  
17 collected from customers of on-airport rental car companies shall  
18 be ten dollars (\$10), but the fee imposed on customers of  
19 off-airport rental car companies who are transported on the  
20 common use transportation system is proportionate to the costs of  
21 the common use transportation system only. The fee is uniformly  
22 applied to each class of on-airport or off-airport customers,  
23 provided the airport requires off-airport customers to use the  
24 common use transportation system.  
25 (F) Revenues collected from the fee do not exceed the  
26 reasonable costs of financing, designing, constructing, or  
27 operating the facility or services and may not be used for any other  
28 purpose.  
29 (G) The fee is separately identified on the rental agreement.  
30 (H) This paragraph does not apply to airports whose fees are  
31 governed by Section 1936.5 of the Civil Code, Section 50474.1 of  
32 the Government Code, or Section 57.5 of the San Diego Unified  
33 Port District Act.  
34 (2) Notwithstanding any other provision of law, including, but  
35 not limited to, Part 1 (commencing with Section 6001) to Part 1.7  
36 (commencing with Section 7280), inclusive, of Division 2 of the  
37 Revenue and Taxation Code, the fees collected pursuant to this  
38 section, or any other law whereby a local agency operating an  
39 airport requires a rental car company to collect a facility financing



1 fee from its customers, shall not be subject to sales, use, or  
2 transaction taxes.

3 (n) (1) (A) A rental company shall only advertise, quote, and  
4 charge a rental rate that includes the entire amount except taxes,  
5 a customer facility charge, if any, and a mileage charge, if any,  
6 which a renter must pay to hire or lease the vehicle for the period  
7 of time to which the rental rate applies. A rental company may not  
8 charge in addition to the rental rate, taxes, a customer facility  
9 charge, if any, and a mileage charge, if any, any fee which must be  
10 paid by the renter as a condition of hiring or leasing the vehicle,  
11 such as, but not limited to, required fuel or airport surcharges other  
12 than customer facility charges, nor any fee for transporting the  
13 renter to the location where the rented vehicle will be delivered to  
14 the renter. *Notwithstanding any provision to the contrary*  
15 *contained in this subdivision, in connection with the rental of a*  
16 *passenger vehicle to a business renter of a business program*  
17 *sponsor under the sponsor's business program, a rental car*  
18 *company may do both of the following:*

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

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

32 (B) *As used in this subdivision:*

33 (i) *"Additional charges" are charges other than a per period*  
34 *base rental rate.*

35 (ii) *"Quote" includes telephonic, in-person, and*  
36 *computer-transmitted quotations.*

37 (2) In addition to the rental rate, taxes, customer facility  
38 charges, if any, and mileage charges, if any, a rental company may  
39 charge for an item or service provided in connection with a  
40 particular rental transaction if the renter could have avoided



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

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

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

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



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

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

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

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

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

35 ~~(r) This section, other than subdivisions (l) and (m), and~~  
36 ~~Section 22325 of the Business and Professions Code, do not apply~~  
37 ~~to either of the following:~~

38 ~~(1) A rental company's rental of a passenger vehicle to a~~  
39 ~~business renter of a business program if, at or before the~~  
40 ~~commencement of the rental, the renter identifies, including~~



- 1 ~~through the use of an identifying number or program name, the~~
- 2 ~~business program as being applicable to the rental.~~
- 3     ~~(2) Any advertisement, quotation, reservation, or charge that~~
- 4 ~~is, or is to be, made with respect to any such rental.~~

