

AMENDED IN ASSEMBLY MAY 12, 2004
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

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 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.

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 has established 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, or partnership.~~

31 (6) “Business renter” means, for any business program
32 sponsor, a person who is authorized by the sponsor to enter ~~a rental~~
33 ~~agreement~~ *into a rental contract* under the sponsor’s business
34 program, but the term does not include (A) a nonemployee
35 member of a not-for-profit organization, (B) the purchaser of a
36 voucher or other prepaid rental arrangement from a person,
37 including a tour operator, engaged in the business of reselling
38 those vouchers or prepaid rental arrangements to the general
39 public, (C) a person whose car rental is eligible for reimbursement
40 in whole or in part as a result of the person being insured or



1 provided coverage under a policy of insurance issued by an
2 insurance company, or (D) a person whose car rental is eligible for
3 reimbursement in whole or in part as a result of the person
4 purchasing passenger vehicle repair services from a person
5 licensed to perform such services.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

25 (13) *“Qualified business rental” under a business program*
26 *established for a business program sponsor by a rental company*
27 *means the rental of a passenger vehicle under the business*
28 *program if either (A) in the 12-month period ending on the date of*
29 *the rental or in the calendar year immediately preceding the year*
30 *in which the rental occurs, the rentals under all business programs*
31 *established by the rental company for the business program*
32 *sponsor and its affiliates produced gross rental revenues in excess*
33 *of ten thousand dollars (\$10,000) or (B) the rental company in*
34 *good faith estimates that rentals under all the business programs*
35 *established by the rental company for the business program*
36 *sponsor and its affiliates will produce gross rental revenues in*
37 *excess of ten thousand dollars (\$10,000) in the 12-month period*
38 *commencing with the date of the rental or in the calendar year in*
39 *which the rental occurs. The rental company has the burden of*



1 *establishing by objectively verifiable evidence that the rental was*
2 *a qualified business rental.*

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

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

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

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

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

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



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

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

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

13 (2) The estimated cost of labor to replace damaged vehicle
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) shall 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 shall be imposed if the total estimated cost of parts and
8 labor 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 shall not exceed
12 the amount of the renter's liability under subdivision (c).

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

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

32 (3) The following is an example, for purposes of illustration
33 and not limitation, of a notice fulfilling the requirements of
34 paragraph (1) for a rental company that imposes liability on the
35 renter for collision damage to the full value of the vehicle:
36



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 shall not require the purchase of a
24 damage waiver, optional insurance, or any other optional good or
25 service.

26 (2) A rental company shall not engage in any unfair, deceptive,
27 or coercive conduct to induce a renter to purchase 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 shall 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 shall not engage in any unfair, deceptive,
2 or coercive tactics in attempting to recover or in recovering on any
3 claim arising out of damage to, or loss of, the rented vehicle.
4 (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 shall 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~~ *paragraph,*
16 *in connection with the qualified business* rental of a passenger
17 vehicle to a business renter of a business program sponsor under
18 the sponsor's business program, a rental car company may do both
19 of the following:

20 (i) Separately quote additional charges for the rental, if, at the
21 time the quote is provided, the person receiving the ~~quotation~~
22 *quote* is also provided a good faith estimate of the total of all the
23 charges for the entire rental, *and the person receiving the quote is*
24 *identified as eligible to rent under a business program through the*
25 *use of an identifying number or program name or code.* The
26 estimate may exclude mileage charges and charges for optional
27 items and services that cannot be determined prior to completing
28 the reservation based upon the information provided by the renter.

29 (ii) Separately impose additional charges for the rental, if the
30 rental contract, or another document provided to the renter at the
31 time and place the rental commences, clearly and conspicuously
32 discloses the total of all the charges for the entire rental, exclusive
33 of charges that cannot be determined at the time the rental
34 commences, *and the renter is identified, as eligible to rent under*
35 *a business program, through the use of an identifying number or*
36 *program name or code.*

37 (B) As used in this subdivision:

38 (i) "Additional charges" are charges other than a per period
39 base rental rate.



1 (ii) “Quote” includes telephonic, in-person, and
2 computer-transmitted quotations.

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

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

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

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



1 advertisement. However, all rate advertisements that include car
2 rentals at airport destinations shall clearly and conspicuously
3 include a toll-free telephone number whereby a customer can be
4 told the specific amount of the customer facility charge to which
5 the customer will be obligated.

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

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

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

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

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



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

4 (A) Prior to the enrollee’s first rental as a participant in the
5 program, the renter receives, in writing, the following:

6 (i) All of the disclosures required by paragraph (1) of
7 subdivision (g) including the terms and conditions of the rental
8 agreement then in effect.

9 (ii) A Web site address, as well as a contact number or address,
10 where the enrollee can learn of any changes to the rental agreement
11 or to the laws of this state governing rental agreements since the
12 effective date of the rental company’s most recent restatement of
13 the rental agreement and distribution of that restatement to its
14 members.

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

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

28 The hanger shall provide the renter a box to initial if he or she
29 (not his or her employer) has previously accepted or declined the
30 collision damage waiver and that he or she now wishes to change
31 his or her decision to accept or decline the collision damage
32 waiver, as follows:

33
34 “ If I previously accepted the collision damage waiver, I now
35 decline it.

36
37 If I previously declined the collision damage waiver, I now
38 accept it.”

39



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

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

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

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

22 (t) This section shall remain in effect only until January 1,
23 2006, and as of that date is repealed, unless a later enacted statute,
24 that is enacted before January 1, 2006, deletes or extends that date.

25 SEC. 2. Section 1936 of the Civil Code, as ~~added by Section~~
26 ~~3 of Chapter 948 of the Statutes of 2002~~ *amended by Section 16*
27 *of Chapter 62 of the Statutes of 2003*, is amended to read:

28 1936. (a) For the purpose of this section, the following
29 definitions shall apply:

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

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

35 (3) “Authorized driver” means (A) the renter, (B) the renter’s
36 spouse if that person is a licensed driver and satisfies the rental
37 company’s minimum age requirement, (C) the renter’s employer
38 or coworker if they are engaged in business activity with the renter,
39 are licensed drivers, and satisfy the rental company’s minimum



1 age requirement, and (D) any person expressly listed by the rental
2 company on the renter's contract as an authorized driver.

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

14 (5) "Business program sponsor" means ~~(A) a legal entity other~~
15 ~~than a natural person, including without limitation, a corporation,~~
16 ~~limited liability company, partnership, government, or~~
17 ~~municipality, or (B) a for-profit business being conducted in the~~
18 ~~form of a sole proprietorship, or partnership.~~

19 (6) "Business renter" means, for any business program
20 sponsor, a person who is authorized by the sponsor to enter ~~a rental~~
21 ~~agreement~~ *into a rental contract* under the sponsor's business
22 program, but the term does not include (A) a nonemployee
23 member of a not-for-profit organization, (B) the purchaser of a
24 voucher or other prepaid rental arrangement from a person,
25 including a tour operator, engaged in the business of reselling
26 those vouchers or prepaid rental arrangements to the general
27 public, (C) a person whose car rental is eligible for reimbursement
28 in whole or in part as a result of the person being insured or
29 provided coverage under a policy of insurance issued by an
30 insurance company, or (D) a person whose car rental is eligible for
31 reimbursement in whole or in part as a result of the person
32 purchasing passenger vehicle repair services from a person
33 licensed to perform such services.

34 (7) (A) "Customer facility charge" means a fee required by an
35 airport to be collected by a rental company from a renter for any
36 of the following purposes:

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

39 (ii) The fee shall be used to finance, design, construct, and
40 provide common use transportation systems that move passengers



1 between airport terminals and those consolidated car rental
2 facilities.

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

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

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

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

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

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

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



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

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

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

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

35 (3) Physical damage to the rented vehicle up to its fair market
36 value, as determined in the customary market for the sale of that
37 vehicle, resulting from vandalism occurring after, or in connection
38 with, the theft of the rented vehicle; however, the renter shall have
39 no liability for any damage due to vandalism if the renter would
40 have no liability for theft pursuant to paragraph (2).



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

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

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

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

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

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

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

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

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

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

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



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

3 (6) The administrative charge described in paragraph (6) of
4 subdivision (b) may not exceed (A) fifty dollars (\$50) if the total
5 estimated cost for parts and labor is more than one hundred dollars
6 (\$100) up to and including five hundred dollars (\$500), (B) one
7 hundred dollars (\$100) if the total estimated cost for parts and
8 labor exceeds five hundred dollars (\$500) up to and including one
9 thousand five hundred dollars (\$1,500), and (C) one hundred fifty
10 dollars (\$150) if the total estimated cost for parts and labor exceeds
11 one thousand five hundred dollars (\$1,500). No administrative
12 charge may be imposed if the total estimated cost of parts and labor
13 is one hundred dollars (\$100) or less.

14 (d) (1) The total amount of an authorized driver’s liability to
15 the rental company, if any, for damage occurring during the
16 authorized driver’s operation of the rented vehicle may not exceed
17 the amount of the renter’s liability under subdivision (c).

18 (2) A rental company may not recover from the renter or other
19 authorized driver an amount exceeding the renter’s liability under
20 subdivision (c).

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

34 (4) If insurance coverage exists under the renter’s applicable
35 personal or business insurance policy and the coverage is
36 confirmed during regular business hours, the renter may require
37 that the rental company submit any claims to the renter’s
38 applicable personal or business insurance carrier. The rental
39 company may not make any written or oral representations that it
40 will not present claims or negotiate with the renter’s insurance



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

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

12 (6) This section applies only to the maximum liability of a
13 renter or other authorized driver to the rental company resulting
14 from damage to the rented vehicle and not to the liability of any
15 other person.

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

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

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

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

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

38 (3) Any authorized driver who has (A) provided fraudulent
39 information to the rental company, or (B) provided false



1 information and the rental company would not have rented the
2 vehicle if it had instead received true information.

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

21 (2) In addition to the requirements of paragraph (1), a rental
22 company that offers or provides damage waiver shall, on that part
23 of the contract where the renter indicates his or her acceptance or
24 declination of the damage waiver, indicate that the purchase of the
25 damage waiver is optional.

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

30
31 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY
32 AND OPTIONAL DAMAGE WAIVER
33

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

38 Your own insurance, or the issuer of the credit card you use to
39 pay for the car rental transaction, may cover all or part of your
40 financial responsibility for the rented vehicle. You should check



1 with your insurance company, or credit card issuer, to find out
2 about your coverage and the amount of the deductible, if any, for
3 which you may be liable.

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

8 The rental company will not hold you responsible if you buy a
9 damage waiver. But a damage waiver will not protect you if (list
10 exceptions).”

11
12 (A) When the above notice is printed in the contract or
13 contractholder, the following shall be printed immediately
14 following the notice:

15
16 “The cost of an optional damage waiver is \$____ for every (day
17 or week).”

18
19 (B) When the above notice appears on a sign, the following
20 shall appear immediately adjacent to the notice:

21
22 “The cost of an optional damage waiver is \$____ to \$____ for
23 every (day or week), depending upon the vehicle rented.”

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

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

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



1 than the previous year's model year, the rate may not exceed nine
2 dollars (\$9).

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

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

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

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

25 (l) (1) In the absence of express permission granted by the
26 renter subsequent to damage to, or loss of, the vehicle, a rental
27 company may not seek to recover any portion of any claim arising
28 out of damage to, or loss of, the rented vehicle by processing a
29 credit card charge or causing any debit or block to be placed on the
30 renter's credit card account.

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

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

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

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



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

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

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

16 (F) Revenues collected from the fee do not exceed the
17 reasonable costs of financing, designing, constructing, or
18 operating the facility or services and may not be used for any other
19 purpose.

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

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

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

33 (n) (1) (A) A rental company shall only advertise, quote, and
34 charge a rental rate that includes the entire amount except taxes,
35 a customer facility charge, if any, and a mileage charge, if any,
36 which a renter must pay to hire or lease the vehicle for the period
37 of time to which the rental rate applies. A rental company may not
38 charge in addition to the rental rate, taxes, a customer facility
39 charge, if any, and a mileage charge, if any, any fee which must be
40 paid by the renter as a condition of hiring or leasing the vehicle,



1 such as, but not limited to, required fuel or airport surcharges other
2 than customer facility charges, nor any fee for transporting the
3 renter to the location where the rented vehicle will be delivered to
4 the renter. Notwithstanding any provision to the contrary
5 contained in this ~~subdivision, in connection with the~~ *paragraph,*
6 *in connection with the qualified business* rental of a passenger
7 vehicle to a business renter of a business program sponsor under
8 the sponsor's business program, a rental car company may do both
9 of the following:

10 (i) Separately quote additional charges for the rental, if, at the
11 time the quote is provided, the person receiving the ~~quotation~~
12 *quote* is also provided a good faith estimate of the total of all the
13 charges for the entire rental, *and the person receiving the quote is*
14 *identified as eligible to rent under a business program through the*
15 *use of an identifying number or program name or code.* The
16 estimate may exclude mileage charges and charges for optional
17 items and services that cannot be determined prior to completing
18 the reservation based upon the information provided by the renter.

19 (ii) Separately impose additional charges for the rental, if the
20 rental contract, or another document provided to the renter at the
21 time and place the rental commences, clearly and conspicuously
22 discloses the total of all the charges for the entire rental, exclusive
23 of charges that cannot be determined at the time the rental
24 commences, *and the renter is identified, as eligible to rent under*
25 *a business program, through the use of an identifying number or*
26 *program name or code.*

27 (B) As used in this subdivision:

28 (i) "Additional charges" are charges other than a per period
29 base rental rate.

30 (ii) "Quote" includes telephonic, in-person, and
31 computer-transmitted quotations.

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



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

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

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

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

35 (B) If any person or entity other than a rental car company,
36 including a passenger carrier or a seller of travel services,
37 advertises or quotes a rate for a car rental at an airport where a
38 customer facility charge is imposed, that person or entity shall,
39 provided they are provided with information about the existence
40 and amount of the fee, to the extent not specifically prohibited by



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

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

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

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

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

