

AMENDED IN SENATE JULY 7, 2004  
AMENDED IN SENATE JUNE 28, 2004  
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**

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**Introduced by Assembly Member Leno**

February 20, 2004

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An act to add Section 1936.05 to 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 qualified business rental of a passenger vehicle to a business renter of a business program sponsor, as defined, under the sponsor's business program. *The bill would also authorize a renter to bring an action against a rental company for the recovery of damages and appropriate equitable relief for a violation of these provisions.*

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

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

1 SECTION 1. Section 1936.05 is added to the Civil Code, to  
2 read:  
3 1936.05. (a) For purposes of this section:  
4 (1) “Additional charges” means charges other than a per  
5 period base rental rate established by the business program.  
6 (2) “Business program” means (A) a contract between a rental  
7 company and a business program sponsor that has established the  
8 per period base rental rate, and any other material terms relating  
9 to additional charges, on which the rental company will rent  
10 passenger vehicles to persons authorized by the sponsor, or (B) a  
11 plan, program, or other arrangement established by a rental  
12 company at the request of, or with the consent of, a business  
13 program sponsor under which the rental company offers to rent  
14 passenger vehicles to persons authorized by the sponsor at per  
15 period base rental rates, and any other material terms relating to  
16 additional charges, that are not the same as those generally offered  
17 by the rental company to the public.  
18 (3) “Business program sponsor” means a legal entity, other  
19 than a natural person, that is a corporation, limited liability  
20 company, or partnership.  
21 (4) “Business renter” means, for any business program  
22 sponsor, a person who is authorized by the sponsor, through the use  
23 of an identifying number or program name or code, to enter into  
24 a rental contract under the sponsor’s business program. In no case  
25 shall the term “business renter” include a person renting as: (A)  
26 a nonemployee member of a not-for-profit organization, (B) the  
27 purchaser of a voucher or other prepaid rental arrangement from  
28 a person, including a tour operator, engaged in the business of  
29 reselling those vouchers or prepaid rental arrangements to the  
30 general public, (C) an individual whose car rental is eligible for  
31 reimbursement in whole or in part as a result of the person being  
32 insured or provided coverage under a policy of insurance issued by  
33 an insurance company, or (D) an individual whose car rental is  
34 eligible for reimbursement in whole or in part as a result of the



1 person purchasing passenger vehicle repair services from a person  
2 licensed to perform such services.

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

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

21 (b) Notwithstanding any provision to the contrary contained in  
22 paragraph (1) of subdivision (n) of Section 1936, a rental car  
23 company may, in connection with the qualified business rental of  
24 a passenger vehicle to a business renter of a business program  
25 sponsor under the sponsor’s business program, do both of the  
26 following:

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

34 (2) Separately impose additional charges for the rental, if the  
35 rental contract, or another document provided to the business  
36 renter at the time and place the rental commences, clearly and  
37 conspicuously discloses the total of all the charges for the entire  
38 rental, exclusive of charges that cannot be determined at the time  
39 the rental commences.



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

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

7 (e) Nothing in this section shall be interpreted to mean that a  
8 rental company is not required to comply with the requirements of  
9 paragraphs (2) to (6), inclusive, of subdivision (n) of Section 1936.

