

AMENDED IN SENATE AUGUST 10, 2004

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

Introduced by Assembly Member Leno

February 20, 2004

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)~~ *twenty-five thousand dollars (\$25,000)* or (B)
12 the rental company in good faith estimates that rentals under all the
13 business programs established by the rental company for the
14 business program sponsor and its affiliates will produce gross
15 rental revenues in excess of ~~ten thousand dollars (\$10,000)~~
16 *twenty-five thousand dollars (\$25,000)* in the 12-month period
17 commencing with the date of the rental or in the calendar year in
18 which the rental occurs. The rental company has the burden of
19 establishing by objectively verifiable evidence that the rental was
20 a qualified business rental.

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

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

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

36 (2) Separately impose additional charges for the rental, if the
37 rental contract, or another document provided to the business
38 renter at the time and place the rental commences, clearly and
39 conspicuously discloses the total of all the charges for the entire



1 rental, exclusive of charges that cannot be determined at the time
2 the rental commences.

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

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

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

