

AMENDED IN SENATE AUGUST 2, 2016

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2051**

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**Introduced by Assembly Member O'Donnell**

February 17, 2016

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An act to add Chapter 1.5 (commencing with Section 1939.01) to Title 5 of Part 4 of Division 3 of, and to repeal Sections 1936, 1936.05, 1936.1, and 1936.5 of, the Civil Code, and to amend Section 50474.1 of, and to add Sections ~~50474.21, 50474.22, 50474.3, and 50474.4~~ *50474.21 and 50474.3* to, the Government Code, relating to rental passenger vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 2051, as amended, O'Donnell. Rental passenger vehicles.

(1) Existing law generally governs the transactions between a rental car company, also referred to as a rental company, and its customers, including, among other provisions, required disclosures by a rental company, mandatory contract provisions for a vehicle rental agreement, restrictions on a rental company's use of electronic surveillance technology, and authorization for a rental company to collect specific types of fees and charges from its customers. Existing law defines terms for its purposes.

This bill, among other things, would recast and reorganize these provisions, would modify definitions and terms for uniformity, and would make conforming changes.

(2) Existing law, as part of the required disclosures referenced above, requires a rental company’s rental rate advertisements to include a clearly readable statement of the charge for a damage waiver, a statement that a damage waiver is optional, and a specific disclaimer regarding additional mandatory charges. Existing law also provides that a rental company’s disclosure requirements are satisfied for renters enrolled in the rental company’s membership program if certain conditions are met.

This bill would revise the definition of membership program to include the ability to select an alternative vehicle. The bill would require a rental rate advertisement to instead include a statement that additional charges may apply if an optional good or service, such as a damage waiver, is purchased, and to comply with a revised disclaimer requirement regarding additional mandatory charges. The bill would require a person or entity, that is not a rental company, that advertises a vehicle rental rate that includes additional mandatory charges, to clearly disclose the charges. The bill would provide that a rental company that provides a person or entity with information on the charges and rental rate is not responsible for the person’s or entity’s failure to comply with this requirement.

(3) Existing law authorizes airports to require rental companies to collect a customer facility charge for specified purposes and requires airports to provide certain audits and reports regarding those fees to specified committees of the Legislature.

~~This bill also would recast and reorganize these provisions, including establishing authority for a certain airport to charge those same fees for additional specified purposes. 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 of the Civil Code is repealed.
- 2 SEC. 2. Section 1936.05 of the Civil Code is repealed.
- 3 SEC. 3. Section 1936.1 of the Civil Code is repealed.
- 4 SEC. 4. Section 1936.5 of the Civil Code is repealed.
- 5 SEC. 5. Chapter 1.5 (commencing with Section 1939.01) is
- 6 added to Title 5 of Part 4 of Division 3 of the Civil Code, to read:

1 CHAPTER 1.5. RENTAL PASSENGER VEHICLE TRANSACTIONS

2  
3 1939.01. For the purpose of this chapter, the following  
4 definitions shall apply:

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

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

10 (c) “Additional mandatory charges” means any separately stated  
11 charges that the rental company requires the renter to pay to hire  
12 or lease the vehicle for the period of time to which the rental rate  
13 applies, which are imposed by a governmental entity and  
14 specifically relate to the operation of a rental vehicle business,  
15 including, but not limited to, a customer facility charge, airport  
16 concession fee, tourism commission assessment, vehicle license  
17 recovery fee, or other government-imposed taxes or fees.

18 (d) “Airport concession fee” means a charge collected by a  
19 rental company from a renter that is the renter’s proportionate  
20 share of the amount paid by the rental company to the owner or  
21 operator of an airport for the right or privilege of conducting a  
22 vehicle rental business on the airport’s premises.

23 (e) “Authorized driver” means all of the following:

24 (1) The renter.

25 (2) The renter’s spouse, if that person is a licensed driver and  
26 satisfies the rental company’s minimum age requirement.

27 (3) The renter’s employer or coworker, if he or she is engaged  
28 in business activity with the renter, is a licensed driver, and satisfies  
29 the rental company’s minimum age requirement.

30 (4) A person expressly listed by the rental company on that  
31 renter’s contract as an authorized driver.

32 (f) “Customer facility charge” means any fee, including an  
33 alternative fee, required by an airport to be collected by a rental  
34 company from a renter pursuant to Section 50474.21 ~~or 50474.22~~  
35 of the Government Code.

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

1 (h) “Electronic surveillance technology” means a technological  
2 method or system used to observe, monitor, or collect information,  
3 including telematics, Global Positioning System (GPS), wireless  
4 technology, or location-based technologies. “Electronic  
5 surveillance technology” does not include event data recorders  
6 (EDR), sensing and diagnostic modules (SDM), or other systems  
7 that are used either:

8 (1) For the purpose of identifying, diagnosing, or monitoring  
9 functions related to the potential need to repair, service, or perform  
10 maintenance on the rental vehicle.

11 (2) As part of the vehicle’s airbag sensing and diagnostic system  
12 in order to capture safety systems-related data for retrieval after a  
13 crash has occurred or in the event that the collision sensors are  
14 activated to prepare the decisionmaking computer to make the  
15 determination to deploy or not to deploy the airbag.

16 (i) “Estimated time for replacement” means the number of hours  
17 of labor, or fraction thereof, needed to replace damaged vehicle  
18 parts as set forth in collision damage estimating guides generally  
19 used in the vehicle repair business and commonly known as “crash  
20 books.”

21 (j) “Estimated time for repair” means a good faith estimate of  
22 the reasonable number of hours of labor, or fraction thereof, needed  
23 to repair damaged vehicle parts.

24 (k) “Membership program” means a service offered by a rental  
25 company that permits customers to bypass the rental counter and  
26 go directly to the vehicle previously reserved or select an alternate  
27 vehicle. A membership program shall meet all of the following  
28 requirements:

29 (1) The renter initiates enrollment by completing an application  
30 on which the renter can specify a preference for type of vehicle  
31 and acceptance or declination of optional services.

32 (2) The rental company fully discloses, prior to the enrollee’s  
33 first rental as a participant in the program, all terms and conditions  
34 of the rental agreement as well as all required disclosures.

35 (3) The renter may terminate enrollment at any time.

36 (4) The rental company fully explains to the renter that  
37 designated preferences, as well as acceptance or declination of  
38 optional services, may be changed by the renter at any time for  
39 the next and future rentals.

1 (5) An employee is available at the lot where the renter takes  
2 possession of the vehicle, to receive any change in the rental  
3 agreement from the renter.

4 (l) "Passenger vehicle" or "vehicle" means a "passenger vehicle"  
5 as defined in Section 465 of the Vehicle Code.

6 (m) "Quote" means an estimated cost of rental provided by a  
7 rental company or a third party to a potential customer that is based  
8 on information provided by the potential customer and used to  
9 generate an estimated cost of rental, including, but not limited to,  
10 potential dates of rental, locations, or classes of vehicle.

11 (n) "Tourism commission assessment" means the charge  
12 collected by a rental company from a renter that has been  
13 established by the California Travel and Tourism Commission  
14 pursuant to Section 13995.65 of the Government Code.

15 (o) "Vehicle license fee" means the tax imposed pursuant to the  
16 Vehicle License Fee Law (Part 5 (commencing with Section 10701)  
17 of Division 2 of the Revenue and Taxation Code).

18 (p) "Vehicle registration fee" means any fee imposed pursuant  
19 to any provision of Chapter 6 (commencing with Section 9101)  
20 of Division 3 of the Vehicle Code or any other law that imposes  
21 a fee upon the registration of vehicles in this state.

22 (q) "Vehicle license recovery fee" means a charge that seeks to  
23 recover the amount of any vehicle license fee and vehicle  
24 registration fee paid by a rental company for the particular class  
25 of vehicle being rented. If imposed, the vehicle license recovery  
26 fee shall be separately stated as a single charge in the quote and  
27 rental contract.

28 1939.03. Except as limited by Section 1939.05, a rental  
29 company and a renter may agree that the renter will be responsible  
30 for no more than all of the following:

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

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

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

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

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

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

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

28 1939.05. (a) The total amount of the renter’s liability to the  
 29 rental company resulting from damage to the rented vehicle shall  
 30 not exceed the sum of the following:

31 (1) The estimated cost of parts which the rental company would  
 32 have to pay to replace damaged vehicle parts.

33 (2) The estimated cost of labor to replace damaged vehicle parts,  
 34 which shall not exceed the product of (A) the rate for labor usually  
 35 paid by the rental company to replace vehicle parts of the type that  
 36 were damaged and (B) the estimated time for replacement.

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

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

6 (4) Actual charges for towing, storage, and impound fees paid  
7 by the rental company.

8 (b) For purposes of subdivision (a), all discounts and price  
9 reductions or adjustments that are or will be received by the rental  
10 company shall be subtracted from the estimate to the extent not  
11 already incorporated in the estimate, or otherwise promptly credited  
12 or refunded to the renter.

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

16 (d) The administrative charge described in subdivision (f) of  
17 Section 1939.03 shall not exceed (1) fifty dollars (\$50) if the total  
18 estimated cost for parts and labor is more than one hundred dollars  
19 (\$100) up to and including five hundred dollars (\$500), (2) one  
20 hundred dollars (\$100) if the total estimated cost for parts and  
21 labor exceeds five hundred dollars (\$500) up to and including one  
22 thousand five hundred dollars (\$1,500), or (3) one hundred fifty  
23 dollars (\$150) if the total estimated cost for parts and labor exceeds  
24 one thousand five hundred dollars (\$1,500). An administrative  
25 charge shall not be imposed if the total estimated cost of parts and  
26 labor is one hundred dollars (\$100) or less.

27 (e) The total amount of an authorized driver's liability to the  
28 rental company, if any, for damage occurring during the authorized  
29 driver's operation of the rented vehicle shall not exceed the amount  
30 of the renter's liability under this section.

31 (f) A rental company shall not recover from an authorized driver  
32 an amount exceeding the renter's liability under this section.

33 1939.07. (a) A claim against a renter resulting from damage  
34 or loss, excluding loss of use, to a rental vehicle shall be reasonably  
35 and rationally related to the actual loss incurred. A rental company  
36 shall mitigate damages where possible and shall not assert or collect  
37 a claim for physical damage which exceeds the actual costs of the  
38 repairs performed or the estimated cost of repairs, if the rental  
39 company chooses not to repair the vehicle, including all discounts  
40 and price reductions. However, if the vehicle is a total loss vehicle,

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

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

21 (c) A rental company shall not recover from an authorized driver  
22 for an item described in Section 1939.03 to the extent the rental  
23 company obtains recovery from another person.

24 (d) This chapter applies only to the maximum liability of an  
25 authorized driver to the rental company resulting from damage to  
26 the rented vehicle and not to the liability of another person.

27 1939.09. (a) (1) Except as provided in subdivision (b), a  
28 damage waiver shall provide or, if not expressly stated in writing,  
29 shall be deemed to provide that the renter has no liability for  
30 damage, loss, loss of use, or a cost or expense incident thereto.

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

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

- 37 (1) Damage or loss results from an authorized driver’s (A)
- 38 intentional, willful, wanton, or reckless conduct, (B) operation of
- 39 the vehicle under the influence of drugs or alcohol in violation of
- 40 Section 23152 of the Vehicle Code, (C) towing or pushing

1 anything, or (D) operation of the vehicle on an unpaved road if  
2 the damage or loss is a direct result of the road or driving  
3 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 the United States.

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

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

36 (2) In addition to the requirements of paragraph (1), a rental  
37 company that offers or provides a damage waiver shall orally  
38 disclose to all renters, except those who are participants in the  
39 rental company's membership program, that the damage waiver  
40 may be duplicative of coverage that the customer maintains under

1 his or her own policy of motor vehicle insurance. The renter shall  
2 acknowledge receipt of the oral disclosure near that part of the  
3 contract where the renter indicates, by the renter's own initials,  
4 his or her acceptance or declination of the damage waiver. Adjacent  
5 to that same part, the contract also shall state that the damage  
6 waiver is optional. Further, the contract for these renters shall  
7 include a clear and conspicuous written disclosure that the damage  
8 waiver may be duplicative of coverage that the customer maintains  
9 under his or her own policy of motor vehicle insurance.

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

14  
15 “NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
16 AND OPTIONAL DAMAGE WAIVER

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

21 Your own insurance, or the issuer of the credit card you use to  
22 pay for the vehicle rental transaction, may cover all or part of your  
23 financial responsibility for the rented vehicle. You should check  
24 with your insurance company, or credit card issuer, to find out  
25 about your coverage and the amount of the deductible, if any, for  
26 which you may be liable.

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

31 The rental company will not hold you responsible if you buy a  
32 damage waiver. But a damage waiver will not protect you if (list  
33 exceptions).”

34  
35 (B) When the notice in subparagraph (A) is printed in the rental  
36 contract or holder in which the contract is placed, the following  
37 shall be printed immediately following the notice:

38  
39 “The cost of an optional damage waiver is \$\_\_\_\_ for every (day  
40 or week).”

1  
2 (C) When the notice in subparagraph (A) appears on a sign, the  
3 following shall appear immediately adjacent to the notice:  
4

5 “The cost of an optional damage waiver is \$\_\_\_\_\_ to \$\_\_\_\_\_ for  
6 every (day or week), depending upon the vehicle rented.”  
7

8 (d) Notwithstanding any other law, a rental company may sell  
9 a damage waiver subject to the following rate limitations for each  
10 full or partial 24-hour rental day for the damage waiver:

11 (1) For rental vehicles that the rental company designates as an  
12 “economy car,” “compact car,” or another term having similar  
13 meaning to the two smallest body-size categories of vehicles  
14 established by the Association of Car Rental Industry Systems  
15 Standards for North America, as of January 1, 2014, when offered  
16 for rental, the rate shall not exceed eleven dollars (\$11).

17 (2) For rental vehicles that the rental company designates as an  
18 “intermediate car,” “standard car,” or “full-size car,” or another  
19 term having similar meaning to the next three body-size categories  
20 of vehicles established by the Association of Car Rental Industry  
21 Systems Standards for North America, as of January 1, 2014, and  
22 that are also either vehicles of the next model-year, or not older  
23 than the previous year’s model, when offered for rental, the rate  
24 shall not exceed seventeen dollars (\$17). For rental vehicles that  
25 are older than the previous year’s model-year, the rate shall not  
26 exceed eleven dollars (\$11).

27 1939.13. (a) A rental company shall not require the purchase  
28 of a damage waiver, optional insurance, or another optional good  
29 or service.

30 (b) A rental company shall not engage in any unfair, deceptive,  
31 or coercive conduct to induce a renter to purchase the damage  
32 waiver, optional insurance, or another optional good or service,  
33 including conduct such as, but not limited to, refusing to honor  
34 the renter’s reservation, limiting the availability of vehicles,  
35 requiring a deposit, or debiting or blocking the renter’s credit card  
36 account for a sum equivalent to a deposit if the renter declines to  
37 purchase the damage waiver, optional insurance, or another  
38 optional good or service.

39 1939.15. (a) In the absence of express permission granted by  
40 the renter subsequent to damage to, or loss of, the rented vehicle,

1 a rental company shall not seek to recover any portion of a claim  
2 arising out of damage to, or loss of, the vehicle by processing a  
3 credit card charge or causing a debit or block to be placed on the  
4 renter's credit card account.

5 (b) A rental company shall not engage in any unfair, deceptive,  
6 or coercive tactics in attempting to recover or in recovering on any  
7 claim arising out of damage to, or loss of, the rented vehicle.

8 1939.17. A customer facility charge or alternative customer  
9 facility charge may be collected by a rental company pursuant to  
10 Section 50474.3 or 50474.4 of the Government Code.

11 1939.19. (a) When providing a quote, or imposing charges for  
12 a rental, the rental company may separately state the rental rate,  
13 additional mandatory charges, if any, and a mileage charge, if any,  
14 that a renter must pay to hire or lease the vehicle for the period of  
15 time to which the rental rate applies. A rental company shall not  
16 charge in addition to the rental rate, additional mandatory charges,  
17 or a mileage charge, as those may be applicable, any other fee that  
18 is required to be paid by the renter as a condition of hiring or  
19 leasing the vehicle.

20 (b) If additional mandatory charges are imposed, the rental  
21 company shall do each of the following:

22 (1) At the time the quote is given, provide the person receiving  
23 the quote with a good faith estimate of the rental rate and all  
24 additional mandatory charges, as well as the total charges for the  
25 entire rental. The total charges, if provided on an Internet Web site  
26 page, shall be displayed in a typeface at least as large as any rental  
27 rate disclosed on that page and shall be provided on a page that  
28 the person receiving the quote may reach by following a link  
29 directly from the page on which the rental rate is first provided.  
30 The good faith estimate may exclude mileage charges and charges  
31 for optional items that cannot be determined prior to completing  
32 the reservation based upon the information provided by the person.

33 (2) At the time and place the rental commences, clearly and  
34 conspicuously disclose in the rental contract, or that portion of the  
35 contract that is provided to the renter, the total of the rental rate  
36 and additional mandatory charges, for the entire rental, exclusive  
37 of charges that cannot be determined at the time the rental  
38 commences. Charges imposed pursuant to this paragraph shall be  
39 no more than the amount of the quote provided in a confirmed

1 reservation, unless the person changes the terms of the rental  
2 contract subsequent to making the reservation.

3 (3) Provide each person, other than those persons within the  
4 rental company, offering quotes to actual or prospective customers  
5 access to information about additional mandatory charges, as well  
6 as access to information about when those charges apply. Any  
7 person providing quotes to actual or prospective customers for the  
8 hire or lease of a vehicle from a rental company shall provide the  
9 quotes in the manner described in paragraph (1).

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

26 (d) A rental company shall not charge a fee for authorized  
27 drivers in addition to the rental charge for an individual renter.

28 (e) If a rental company states a rental rate in print advertisement  
29 or in a quotation, the rental company shall disclose clearly in that  
30 advertisement or quotation the terms of mileage conditions relating  
31 to the advertised ~~for~~ or quoted rental rate, including, but not limited  
32 to, to the extent applicable, the amount of mileage and gas charges,  
33 the number of miles for which no charges will be imposed, and a  
34 description of geographic driving limitations within the United  
35 States and Canada.

36 (f) All rate advertisements shall include a disclaimer, which  
37 shall be prominently displayed, providing that additional mandatory  
38 charges may be imposed, including, but not limited to, airport fees,  
39 tourism fees, vehicle license recovery fees, or other government  
40 imposed taxes or fees, and indicating that this information,

1 including an estimate of the total rental cost, is displayed on the  
2 rental company's Internet Web site. All rate advertisements shall  
3 also include a statement that additional charges may apply if an  
4 optional good or service, such as a damage waiver, is purchased.

5 (g) If any person or entity other than a rental company, including  
6 a passenger carrier or a seller of travel services, advertises a rental  
7 rate for a vehicle rental that includes additional mandatory charges,  
8 that person or entity shall clearly disclose the existence and amount  
9 of the charges. If a rental company provides the person or entity  
10 with rental rate and additional mandatory charges information, the  
11 rental car company is not responsible for the failure of that person  
12 or entity to comply with this subdivision.

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

22 (i) Except as otherwise permitted pursuant to the customer  
23 facility charge, a rental company shall not separately charge, in  
24 addition to the rental rate, a fee for transporting the renter to a  
25 location where the rented vehicle will be delivered to the renter.

26 1939.21. (a) For purposes of this section:

27 (1) "Additional charges" means charges other than a per period  
28 base rental rate established by the business program.

29 (2) "Business program" means either of the following:

30 (A) A contract between a rental company and a business  
31 program sponsor that has established the per period base rental  
32 rate, and any other material terms relating to additional charges,  
33 on which the rental company will rent passenger vehicles to persons  
34 authorized by the sponsor.

35 (B) A plan, program, or other arrangement established by a  
36 rental company at the request of, or with the consent of, a business  
37 program sponsor under which the rental company offers to rent  
38 passenger vehicles to persons authorized by the sponsor at per  
39 period base rental rates, and any other material terms relating to

1 additional charges, that are not the same as those generally offered  
2 by the rental company to the public.

3 (3) “Business program sponsor” means a legal entity, other than  
4 a natural person, that is a corporation, limited liability company,  
5 or partnership.

6 (4) “Business renter” means, for any business program sponsor,  
7 a person who is authorized by the sponsor, through the use of an  
8 identifying number or program name or code, to enter into a rental  
9 contract under the sponsor’s business program. In no case shall  
10 the term “business renter” include a person renting as any of the  
11 following:

12 (A) A nonemployee member of a not-for-profit organization.

13 (B) The purchaser of a voucher or other prepaid rental  
14 arrangement from a person, including a tour operator, engaged in  
15 the business of reselling those vouchers or prepaid rental  
16 arrangements to the general public.

17 (C) An individual whose vehicle rental is eligible for  
18 reimbursement in whole or in part as a result of the person being  
19 insured or provided coverage under a policy of insurance issued  
20 by an insurance company.

21 (D) An individual whose vehicle rental is eligible for  
22 reimbursement in whole or in part as a result of the person  
23 purchasing passenger vehicle repair services from a person licensed  
24 to perform such services.

25 (5) “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 program  
28 if either:(A) in the 12-month period ending on the date of the rental  
29 or in the calendar year immediately preceding the year in which  
30 the rental occurs, the rentals under all business programs  
31 established by the rental company for the business program sponsor  
32 and its affiliates produced gross rental revenues in excess of  
33 twenty-five thousand dollars (\$25,000) or (B) the rental company  
34 in good faith estimates that rentals under all the business programs  
35 established by the rental company for the business program sponsor  
36 and its affiliates will produce gross rental revenues in excess of  
37 twenty-five thousand dollars (\$25,000) 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 (6) “Quote” means telephonic, in-person, and  
4 computer-transmitted quotations.

5 (b) Notwithstanding any provision to the contrary contained in  
6 Section 1939.19 or 1939.23, a rental company may, in connection  
7 with the qualified business rental of a passenger vehicle to a  
8 business renter of a business program sponsor under the sponsor’s  
9 business program, do both of the following:

10 (1) Separately quote additional charges for the rental if, at the  
11 time the quote is provided, the person receiving the quote is also  
12 provided a good faith estimate of the total of all the charges for  
13 the entire rental. The estimate may exclude mileage charges and  
14 charges for optional items and services that cannot be determined  
15 prior to completing the reservation based upon the information  
16 provided by the renter.

17 (2) Separately impose additional charges for the rental, if the  
18 rental contract, or another document provided to the business renter  
19 at the time and place the rental commences, clearly and  
20 conspicuously discloses the total of all the charges for the entire  
21 rental, exclusive of charges that cannot be determined at the time  
22 the rental commences.

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

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

29 (e) This section shall not be interpreted to mean that a rental  
30 company is not required to comply with the requirements of  
31 subdivisions (c) to (h), inclusive, of Section 1939.19.

32 1939.23. (a) A rental company shall not use, access, or obtain  
33 any information relating to the renter’s use of the rental vehicle  
34 that was obtained using electronic surveillance technology, except  
35 in the following circumstances:

36 (1) (A) When the equipment is used by the rental company  
37 only for the purpose of locating a stolen, abandoned, or missing  
38 rental vehicle after one of the following:

1 (i) The renter or law enforcement has informed the rental  
2 company that the vehicle is missing or has been stolen or  
3 abandoned.

4 (ii) The rental vehicle has not been returned following one week  
5 after the contracted return date or by one week following the end  
6 of an extension of that return date.

7 (iii) The rental company discovers the rental vehicle has been  
8 stolen or abandoned, and, if stolen, the rental company shall report  
9 the vehicle stolen to law enforcement by filing a stolen vehicle  
10 report, unless law enforcement has already informed the rental  
11 company that the vehicle is missing or has been stolen or  
12 abandoned.

13 (B) If electronic surveillance technology is activated pursuant  
14 to subparagraph (A), a rental company shall maintain a record, in  
15 either electronic or written form, of information relevant to the  
16 activation of that technology. That information shall include the  
17 rental agreement, including the return date, and the date and time  
18 the electronic surveillance technology was activated. The record  
19 shall also include, if relevant, a record of written or other  
20 communication with the renter, including communications  
21 regarding extensions of the rental, police reports, or other written  
22 communication with law enforcement officials. The record shall  
23 be maintained for a period of at least 12 months from the time the  
24 record is created and shall be made available upon the renter's  
25 request. The rental company shall maintain and furnish explanatory  
26 codes necessary to read the record. A rental company shall not be  
27 required to maintain a record if electronic surveillance technology  
28 is activated to recover a rental vehicle that is stolen or missing at  
29 a time other than during a rental period.

30 (2) In response to a specific request from law enforcement  
31 pursuant to a subpoena or search warrant.

32 (b) Subdivision (a) does not prohibit a rental company from  
33 equipping rental vehicles with any of the following:

34 (1) GPS-based technology that provides navigation assistance  
35 to the occupants of the rental vehicle, if the rental company does  
36 not use, access, or obtain information relating to the renter's use  
37 of the rental vehicle that was obtained using that technology, except  
38 for the purposes of discovering or repairing a defect in the  
39 technology and the information may then be used only for that  
40 purpose.

1 (2) Electronic surveillance technology that allows for the remote  
2 locking or unlocking of the vehicle at the request of the renter, if  
3 the rental company does not use, access, or obtain information  
4 relating to the renter’s use of the rental vehicle that was obtained  
5 using that technology, except as necessary to lock or unlock the  
6 vehicle.

7 (3) Electronic surveillance technology that allows the company  
8 to provide roadside assistance, such as towing, flat tire, or fuel  
9 services, at the request of the renter, if the rental company does  
10 not use, access, or obtain information relating to the renter’s use  
11 of the rental vehicle that was obtained using that technology except  
12 as necessary to provide the requested roadside assistance.

13 (c) Subdivision (a) does not prohibit a rental company from  
14 obtaining, accessing, or using information from electronic  
15 surveillance technology for the sole purpose of determining the  
16 date and time the vehicle departs from and is returned to the rental  
17 company, and the total mileage driven and the vehicle fuel level  
18 of the returned vehicle. The information obtained or accessed from  
19 this electronic surveillance technology shall only be used for the  
20 purpose described in this subdivision.

21 (d) A rental company shall not use electronic surveillance  
22 technology to track a renter in order to impose fines or surcharges  
23 relating to the renter’s use of the rental vehicle.

24 1939.25. A renter may bring an action against a rental company  
25 for the recovery of damages and appropriate equitable relief for a  
26 violation of this chapter, except for Sections 1939.21, 1939.35,  
27 and 1939.37. The prevailing party shall be entitled to recover  
28 reasonable attorney’s fees and costs.

29 1939.27. A rental company that brings an action against a renter  
30 for loss due to theft of the vehicle shall bring the action in the  
31 county in which the renter resides or, if the renter is not a resident  
32 of this state, in the jurisdiction in which the renter resides.

33 1939.29. A waiver of any of the provisions of this chapter,  
34 except for Sections 1939.21, 1939.35, and 1939.37, shall be void  
35 and unenforceable as contrary to public policy.

36 1939.31. (a) A rental company’s disclosure requirements shall  
37 be satisfied for renters who are enrolled in the rental company’s  
38 membership program if all of the following conditions are met:

39 (1) Prior to the enrollee’s first rental as a participant in the  
40 program, the renter receives, in writing, the following:

1 (A) All of the disclosures required by paragraph (1) of  
2 subdivision (c) of Section 1939.09, including the terms and  
3 conditions of the rental agreement then in effect.

4 (B) An Internet Web site address, as well as a contact number  
5 or address, where the enrollee can learn of changes to the rental  
6 agreement or to the laws of this state governing rental agreements  
7 since the effective date of the rental company's most recent  
8 restatement of the rental agreement and distribution of that  
9 restatement to its members.

10 (2) At the commencement of each rental period, the renter is  
11 provided, on the rental record or the folder in which it is inserted,  
12 with a printed notice stating that he or she had either previously  
13 selected or declined an optional damage waiver and that the renter  
14 has the right to change preferences.

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

23 (B) The hanger shall provide the renter a box to initial if he or  
24 she, but not his or her employer, has previously accepted or  
25 declined the collision damage waiver and that he or she now wishes  
26 to change his or her decision to accept or decline the collision  
27 damage waiver, as follows:

28  
29 "If I previously accepted the collision damage waiver, I now  
30 decline it.

31 "If I previously declined the collision damage waiver, I now  
32 accept it."

33  
34 (C) The hanger shall also provide a box for the enrollee to  
35 indicate whether this change applies to this rental transaction only  
36 or to all future rental transactions. The hanger shall also notify the  
37 renter that he or she may make that change, prior to leaving the  
38 lot, by returning the form to an employee designated to receive  
39 the form who is available at the lot where the renter takes

1 possession of the car, to receive any change in the rental agreement  
2 from the renter.

3 (b) (1) This section is not effective unless an employee is  
4 available pursuant to paragraph (5) of subdivision (k) of Section  
5 1939.01 is actually present at the required location.

6 (2) This section does not relieve the rental company from the  
7 disclosures required to be made within the text of a contract or  
8 holder in which the contract is placed; in or on an advertisement  
9 containing a rental rate; or in a telephonic, in-person, or  
10 computer-transmitted quotation or reservation.

11 1939.33. (a) When a rental company enters into a rental  
12 agreement in the state for the rental of a vehicle to any renter who  
13 is not a resident of this country and, as part of, or associated with,  
14 the rental agreement, the renter purchases liability insurance, as  
15 defined in subdivision (b) of Section 1758.85 of the Insurance  
16 Code, from the rental company in its capacity as a rental vehicle  
17 agent for an authorized insurer, the rental company shall be  
18 authorized to accept, and, if served as set forth in this section, shall  
19 accept, service of a summons and complaint and any other required  
20 documents against the foreign renter for any accident or collision  
21 resulting from the operation of the rental vehicle within the state  
22 during the rental period. If the rental company has a registered  
23 agent for service of process on file with the Secretary of State,  
24 process shall be served on the rental company's registered agent,  
25 either by first-class mail, return receipt requested, or by personal  
26 service.

27 (b) Within 30 days of acceptance of service of process, the rental  
28 company shall provide a copy of the summons and complaint and  
29 any other required documents served in accordance with this  
30 section to the foreign renter by first-class mail, return receipt  
31 requested.

32 (c) Any plaintiff, or his or her representative, who elects to serve  
33 the foreign renter by delivering a copy of the summons and  
34 complaint and any other required documents to the rental company  
35 pursuant to subdivision (a) shall agree to limit his or her recovery  
36 against the foreign renter and the rental company to the limits of  
37 the protection extended by the liability insurance.

38 (d) Notwithstanding the requirements of Sections 17450 to  
39 17456, inclusive, of the Vehicle Code, service of process in

1 compliance with subdivision (a) shall be deemed a valid and  
2 effective service.

3 (e) Notwithstanding any other law, the requirement that the  
4 rental company accept service of process pursuant to subdivision  
5 (a) shall not create any duty, obligation, or agency relationship  
6 other than that provided in subdivision (a).

7 1939.35. (a) (1) A rental company shall provide a renter of a  
8 15-passenger van with a copy of the United States Department of  
9 Transportation, National Highway Traffic Safety Administration's  
10 consumer advisory for 15-passenger vans titled "Reducing the  
11 Risk of Rollover Crashes" or, if that advisory is updated, a copy  
12 of the updated advisory. The renter shall acknowledge receipt of  
13 that copy by signing an acknowledgment of receipt on the rental  
14 agreement or on an attached form.

15 (2) If the rental of that 15-passenger van is for a business  
16 purpose or use, the rental company shall also provide on the  
17 document described in paragraph (1) that only an employee with  
18 the proper licensing may drive that vehicle. The renter shall  
19 acknowledge the receipt thereof in the same manner as described  
20 in paragraph (1).

21 (b) (1) Except as provided in paragraph (2), for purposes of  
22 this section, a "15-passenger van" means any van manufactured  
23 to accommodate 15 passengers, including the driver, regardless  
24 of whether that van has been altered to accommodate fewer than  
25 15 passengers.

26 (2) For purposes of this section, a "15-passenger van" does not  
27 mean a 15-passenger van with dual rear wheels that has a gross  
28 weight rating equal to, or greater than, 11,500 pounds.

29 1939.37. A rental company is not subject to the requirements  
30 of Section 14608 of the Vehicle Code if the rental is subject to the  
31 terms of a membership agreement that allows the renter to gain  
32 physical access to a vehicle without a key through use of a code,  
33 key card, or by other means that allow the vehicle to be accessed  
34 at a remote location, or at a business location of the rental company  
35 outside of that location's regular hours of operation.

36 SEC. 6. Section 50474.1 of the Government Code is amended  
37 to read:

38 50474.1. (a) An airport operated by a city and county may  
39 require a rental car company, in writing, to collect a fee from its  
40 customers on behalf of the airport for the use of an

1 airport-mandated common use busing system or light rail transit  
 2 system operated for the movement of passengers between the  
 3 terminal and a consolidated on-airport rental car facility. If a rental  
 4 car company is required pursuant to this section to collect a fee,  
 5 the following conditions shall apply:

6 (1) The fees shall be calculated on a per contract basis.  
 7 (2) All fees collected for this purpose constitute debts owed to  
 8 the airport by the collecting party. The debts are due and payable  
 9 to the airport quarterly or at any other interval the airport may  
 10 establish to facilitate collection and insure payment.

11 (3) The fee is a user fee, not a tax.  
 12 (4) Revenues collected from the fee may not exceed the  
 13 reasonable costs of providing the busing and light rail transit  
 14 service and shall not be used for any other purpose.

15 (b) Notwithstanding any other law, including, but not limited  
 16 to, Chapter 1.5 (commencing with Section 1939.01) of Title 5 of  
 17 Part 4 of Division 3 of the Civil Code, a rental car company that  
 18 is required to collect fees under this section shall do all of the  
 19 following:

20 (1) Collect the fee from those of its customers subject to the fee  
 21 as required in subdivision (a).

22 (2) Clearly disclose the existence of the fee in any radio,  
 23 television, or print advertisement that states a rental rate applicable  
 24 to an airport at which the fee is to be imposed, and the amount of  
 25 the fee at the airport where it is imposed, or a range of fees if the  
 26 fee is imposed at more than one airport.

27 (3) Clearly disclose the existence of the fee in a telephonic,  
 28 in-person, or computer-transmitted quotation that states a rental  
 29 rate applicable to an airport at which the fee is to be imposed and  
 30 the amount of the fee at the airport where it is imposed.

31 (4) Separately identify the fee on its rental agreement.

32 SEC. 7. Section 50474.21 is added to the Government Code,  
 33 to read:

34 50474.21. (a) ~~Except as provided in Section 50474.22, for~~ For  
 35 purposes of this article, “customer facility charge” means any fee,  
 36 including an alternative fee, required by an airport, ~~other than Los~~  
 37 ~~Angeles International Airport,~~ *airport* to be collected by a rental  
 38 company from a renter for any of the following purposes:

39 (1) To finance, design, and construct consolidated airport vehicle  
 40 rental facilities.

1 (2) To finance, design, construct, and operate common-use  
2 transportation systems that move passengers between airport  
3 terminals and those consolidated vehicle rental facilities, and  
4 acquire vehicles for use in that system.

5 (3) To finance, design, and construct terminal modifications  
6 solely to accommodate and provide customer access to  
7 common-use transportation systems. The fees designated as a  
8 customer facility charge shall not otherwise be used to pay for  
9 terminal expansion, gate expansion, runway expansion, changes  
10 in hours of operation, or changes in the number of flights arriving  
11 or departing from the airport.

12 (b) The aggregate amount to be collected shall not exceed the  
13 reasonable costs, as determined by an audit by an independent  
14 auditor paid for by the airport, to finance, design, and construct  
15 those facilities. The auditor shall independently examine and  
16 substantiate the necessity for, and the amount of, the customer  
17 facility charge, including whether the airport's actual or projected  
18 costs are supported and justified, any steps the airport may take to  
19 limit costs, potential alternatives for meeting the airport's revenue  
20 needs other than the collection of the fee, and whether and to what  
21 extent rental companies or other businesses or individuals using  
22 the facility or common-use transportation system may pay for the  
23 costs associated with these facilities and systems apart from the  
24 fee from rental customers, or whether the airport did not comply  
25 with any provision of this section. Copies of the audit shall be  
26 provided to the Assembly and Senate Committees on Judiciary,  
27 the Assembly Committee on Transportation, and the Senate  
28 Committee on Transportation and Housing and shall be posted on  
29 the airport's Internet Web site. In the case of a customer facility  
30 charge for a common-use transportation system, the audit shall  
31 also consider the reasonable costs of providing the transit system  
32 or busing network pursuant to paragraph (1) of subdivision (a).  
33 Any audit required by this subdivision may be included as a part  
34 of an audit of an airport's finances.

35 (c) Except as provided in subdivision (d), the authorization  
36 given pursuant to this article for an airport to impose a customer  
37 facility charge shall become inoperative when the bonds used for  
38 financing are paid.

39 (d) If a bond or other form of indebtedness is not used for  
40 financing, or a bond or other form of indebtedness used for

1 financing has been paid, the Oakland International Airport may  
2 require the collection of a customer facility charge for a period of  
3 up to 10 years from the imposition of the charge for the purposes  
4 allowed by, and subject to the conditions imposed by, this article.

5 ~~(e) This section does not apply to any fee, including an  
6 alternative fee, required by the Los Angeles International Airport  
7 to be collected by a rental company pursuant to Section 50474.22.~~

8 ~~SEC. 8. Section 50474.22 is added to the Government Code,  
9 to read:~~

10 ~~50474.22. (a) For purposes of this article, “customer facility  
11 charge” means any fee, including an alternative fee, required by  
12 the Los Angeles International Airport to be collected by a rental  
13 company from a renter for any of the following purposes:~~

14 ~~(1) To finance, design, construct, or otherwise improve  
15 consolidated airport vehicle rental facilities.~~

16 ~~(2) To finance, design, construct, operate, maintain, or otherwise  
17 improve common-use transportation systems that move passengers  
18 between airport terminals and those consolidated vehicle rental  
19 facilities, and acquire vehicles for use in that system.~~

20 ~~(3) To finance, design, construct, or otherwise improve terminal  
21 modifications solely to accommodate and provide customer access  
22 to common-use transportation systems. The fees designated as a  
23 customer facility charge shall not otherwise be used to pay for  
24 terminal expansion, gate expansion, runway expansion, changes  
25 in hours of operation, or changes in the number of flights arriving  
26 or departing from the airport.~~

27 ~~(b) The aggregate amount to be collected shall not exceed the  
28 reasonable costs, as determined by an audit by an independent  
29 auditor paid for by the airport, to finance, design, construct,  
30 operate, maintain, or otherwise improve, as applicable, those  
31 facilities, systems, and modifications. The auditor shall  
32 independently examine and substantiate the necessity for, and the  
33 amount of, the customer facility charge, including whether the  
34 airport’s actual or projected costs are supported and justified, any  
35 steps the airport may take to limit costs, potential alternatives for  
36 meeting the airport’s revenue needs other than the collection of  
37 the fee, and whether and to what extent rental companies or other  
38 businesses or individuals using the facility or common-use  
39 transportation system may pay for the costs associated with these  
40 facilities and systems apart from the fee from rental customers, or~~

1 whether the airport did not comply with any provision of this  
2 section. Copies of the audit shall be provided to the Assembly and  
3 Senate Committees on Judiciary, the Assembly Committee on  
4 Transportation, and the Senate Committee on Transportation and  
5 Housing and shall be posted on the airport's Internet Web site. In  
6 the case of a customer facility charge for a common-use  
7 transportation system, the audit also shall consider the reasonable  
8 costs of providing the transit system or busing network pursuant  
9 to paragraph (1) of subdivision (a). Any audit required by this  
10 subdivision may be included as a part of an audit of an airport's  
11 finances.

12 (e) ~~The authorization under to this section for an airport to~~  
13 ~~impose a customer facility charge shall become inoperative when~~  
14 ~~bonds, capital contributions, availability payment contracts, lease~~  
15 ~~agreements, or other forms for financing are paid or reimbursed.~~

16 (d) ~~This section shall not apply to any fee, including an~~  
17 ~~alternative fee, required by an airport other than the Los Angeles~~  
18 ~~International Airport to be collected by a rental company from a~~  
19 ~~renter.~~

20 ~~SEC. 9:~~

21 *SEC. 8.* Section 50474.3 is added to the Government Code, to  
22 read:

23 50474.3. (a) A customer facility charge, as defined in Section  
24 ~~50474.21~~, charge may be collected by a rental company under the  
25 following circumstances:

26 (1) Collection of the fee by the rental company is required by  
27 an airport operated by a city, a county, a city and county, a joint  
28 powers authority, a special district, or the San Diego County  
29 Regional Airport Authority formed pursuant to Division 17  
30 (commencing with Section 170000) of the Public Utilities Code.

31 (2) The fee is calculated on a per contract basis or as provided  
32 in subdivision (b).

33 (3) The fee is a user fee, not a tax imposed upon real property  
34 or an incident of property ownership under Article ~~XIII~~ *XIII D*  
35 of the California Constitution.

36 (4) Except as otherwise provided in paragraph (5), the fee shall  
37 be ten dollars (\$10) per contract or the amount provided in  
38 subdivision (b).

39 (5) The fee for a consolidated rental vehicle facility shall be  
40 collected only from customers of on-airport rental vehicle

1 companies. If the fee imposed by the airport is for both a  
2 consolidated rental vehicle facility and a common-use  
3 transportation system, the fee collected from customers of  
4 on-airport rental vehicle companies shall be ten dollars (\$10) or  
5 the amount provided in subdivision (b), but the fee imposed on  
6 customers of off-airport rental vehicle companies who are  
7 transported on the common-use transportation system is only that  
8 amount that is proportionate to the costs of the common-use  
9 transportation system. The fee is uniformly applied to each class  
10 of on-airport or off-airport customers, provided that the airport  
11 requires off-airport customers to use the common-use transportation  
12 system. For purposes of this paragraph, “on-airport rental vehicle  
13 company” means a rental company operating under an airport  
14 property lease or an airport concession or license agreement whose  
15 customers use or will use the consolidated rental vehicle facility  
16 and the fee as to those customers is a user fee described in  
17 paragraph (3).

18 (6) Revenues collected from the fee do not exceed the reasonable  
19 costs of financing, designing, and constructing the facility and  
20 financing, designing, constructing, and operating any common-use  
21 transportation system, or acquiring vehicles for use in that system,  
22 and are not used for any other purpose.

23 (7) The fee is separately identified on the rental agreement.

24 (8) This subdivision does not apply to fees which are governed  
25 by Section 50474.1 or Section 57.5 of the San Diego Unified Port  
26 District Act (Chapter 67 of the First Extraordinary Session of the  
27 Statutes of 1962).

28 (b) Any airport may require rental companies to collect an  
29 alternative customer facility charge, as defined in Section 50474.21,  
30 under the following conditions:

31 (1) The airport first conducts a publicly noticed hearing pursuant  
32 to the Ralph M. Brown Act (Chapter 9 (commencing with Section  
33 54950) of Part 1 of Division 2) to review the costs of financing  
34 the design and construction of a consolidated rental vehicle facility  
35 and the design, construction, and operation of any common-use  
36 transportation system in which all of the following occur:

37 (A) The airport establishes the amount of revenue necessary to  
38 finance the reasonable costs of designing and constructing a  
39 consolidated rental vehicle facility and to design, construct, and  
40 operate any common-use transportation system, or acquire vehicles

1 for use in that system, based on evidence presented during the  
2 hearing.

3 (B) The airport finds, based on evidence presented during the  
4 hearing, that the fee authorized in subdivision (a) will not generate  
5 sufficient revenue to finance the reasonable costs of designing and  
6 constructing a consolidated rental vehicle facility and of designing,  
7 constructing, and operating any common-use transportation system,  
8 or acquire vehicles for use in that system.

9 (C) The airport finds that the reasonable cost of the project  
10 requires the additional amount of revenue that would be generated  
11 by the proposed daily rate, including any rate increase, authorized  
12 pursuant to this paragraph.

13 (D) The airport outlines each of the following:

14 (i) Steps it has taken to limit costs.

15 (ii) Other potential alternatives for meeting its revenue needs  
16 other than the collection of the fee.

17 (iii) The extent to which rental companies or other businesses  
18 or individuals using the facility or common-use transportation  
19 system will pay for the costs associated with these facilities and  
20 systems apart from the fee collected from rental customers.

21 (2) The airport may not require the fee authorized in this  
22 subdivision to be collected at any time that the fee authorized in  
23 subdivision (a) is being collected.

24 (3) Pursuant to the procedure set forth in this subdivision, the  
25 fee may be collected at a rate charged on a per-day basis subject  
26 to the following conditions:

27 (A) Commencing January 1, 2011, the amount of the fee may  
28 not exceed six dollars (\$6) per day.

29 (B) Commencing January 1, 2014, the amount of the fee may  
30 not exceed seven dollars and fifty cents (\$7.50) per day.

31 (C) Commencing January 1, 2017, and thereafter, the amount  
32 of the fee may not exceed nine dollars (\$9) per day.

33 (D) At no time shall the fee authorized in this paragraph be  
34 collected from any customer for more than five days for each  
35 individual rental vehicle contract.

36 (E) An airport subject to this paragraph shall initiate the process  
37 for obtaining the authority to require or increase the alternative  
38 fee no later than January 1, 2018. Any airport that obtains the  
39 authority to require or increase an alternative fee shall be authorized

1 to continue collecting that fee until the fee authorization becomes  
2 inoperative pursuant to subdivision (c) of Section 50474.21.  
3 (4) For any airport seeking to require rental companies to collect  
4 an alternative customer facility charge pursuant to this subdivision  
5 the following provisions apply:  
6 (A) The airport shall provide reports on an annual basis to the  
7 Senate and Assembly Committees on Judiciary detailing all of the  
8 following:  
9 (i) The total amount of the customer facility charge collected.  
10 (ii) How the funds are being spent.  
11 (iii) The amount of and reason for any changes in the airport's  
12 budget or financial needs for the facility or common-use  
13 transportation system.  
14 (B) (i) The airport shall complete an independent audit as  
15 required by subdivision (b) of Section 50474.21 prior to the initial  
16 collection of the customer facility charge. Copies of the audit shall  
17 be provided to the Assembly and Senate Committees on Judiciary,  
18 the Assembly Committee on Transportation, and the Senate  
19 Committee on Transportation and Housing and shall be posted on  
20 the airport's Internet Web site.  
21 (ii) Prior to any increase pursuant to subdivision (b), the airport  
22 shall update the information provided in the initial collection audit  
23 completed pursuant to clause (i). Copies of the updated audit shall  
24 be provided to the Assembly and Senate Committees on Judiciary,  
25 the Assembly Committee on Transportation, and the Senate  
26 Committee on Transportation and Housing, and shall be posted  
27 on the airport's Internet Web site.  
28 (iii) An audit shall be completed every three years after initial  
29 collection if the customer facility charge is collected for the purpose  
30 of operating a common-use transportation system or to acquire  
31 vehicles for use in the system pursuant to paragraph (2) of  
32 subdivision (a) of Section 50474.21. A regularly conducted audit  
33 of airport finances that includes the customer facility charge  
34 information, that satisfies the requirements of subdivision (b) of  
35 Section 50474.21, and is produced in accordance with the generally  
36 accepted accounting principles of the Government Accounting  
37 Standards Board, shall satisfy the requirements of this clause. This  
38 obligation shall continue until the fee authorization becomes  
39 inoperative pursuant to subdivision (c) of Section 50474.21. The  
40 information reported pursuant to this clause shall be compiled into

1 one document, shall be provided to the Assembly and Senate  
2 Committees on Judiciary, the Assembly Committee on  
3 Transportation, and the Senate Committee on Transportation and  
4 Housing and shall be posted on the airport's Internet Web site  
5 accessible to the public. The information reported shall be  
6 contained within one easily accessible page contained within the  
7 airport's Internet Web site.

8 (iv) This section shall not be construed to require an airport to  
9 audit a common-use transportation system not financed by a  
10 customer facility charge and used for the purposes permitted  
11 pursuant to paragraph (2) of subdivision (a) of Section 50474.21.

12 (v) The airport shall post on the airport's Internet Web site  
13 copies of the completed audits required by this subparagraph for  
14 a period of six years following the audit's completion.

15 (C) Use of proceeds of any bonds backed by alternative customer  
16 facility charges shall be limited to construction and design of the  
17 consolidated rental vehicle facility, terminal modifications, and  
18 operating costs of the common-use transportation system, as  
19 specified in Section 50474.21.

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

28 ~~SEC. 10. Section 50474.4 is added to the Government Code,~~  
29 ~~to read:~~

30 ~~50474.4. (a) A customer facility charge, as defined in Section~~  
31 ~~50474.22, may be collected by a rental company under the~~  
32 ~~following circumstances:~~

33 ~~(1) Collection of the fee by the rental company is required by~~  
34 ~~Los Angeles International Airport.~~

35 ~~(2) The fee is calculated on a per contract basis or as provided~~  
36 ~~in subdivision (b).~~

37 ~~(3) The fee is a user fee, not a tax imposed upon real property~~  
38 ~~or an incident of property ownership under Article XIII D of the~~  
39 ~~California Constitution.~~

1 ~~(4) Except as otherwise provided in paragraph (5), the fee shall~~  
2 ~~be ten dollars (\$10) per contract or the amount provided in~~  
3 ~~subdivision (b).~~

4 ~~(5) The fee for a consolidated rental vehicle facility shall be~~  
5 ~~collected only from customers of on-airport rental vehicle~~  
6 ~~companies. If the fee imposed by the airport is for both a~~  
7 ~~consolidated rental vehicle facility and a common-use~~  
8 ~~transportation system, the fee collected from customers of~~  
9 ~~on-airport rental vehicle companies shall be ten dollars (\$10) or~~  
10 ~~the amount provided in subdivision (b), but the fee imposed on~~  
11 ~~customers of off-airport rental vehicle companies who are~~  
12 ~~transported on the common-use transportation system is only that~~  
13 ~~amount that is proportionate to the costs of the common-use~~  
14 ~~transportation system. The fee is uniformly applied to each class~~  
15 ~~of on-airport or off-airport customers, provided that the airport~~  
16 ~~requires off-airport customers to use the common-use transportation~~  
17 ~~system. For purposes of this paragraph, “on-airport rental vehicle~~  
18 ~~company” means a rental company operating under an airport~~  
19 ~~property lease or an airport concession or license agreement whose~~  
20 ~~customers use or will use the consolidated rental vehicle facility~~  
21 ~~and the fee as to those customers is a user fee described in~~  
22 ~~paragraph (3).~~

23 ~~(6) Revenues collected from the fee do not exceed the reasonable~~  
24 ~~costs of financing, designing, constructing, operating, or improving~~  
25 ~~as applicable, a consolidated rental car facility, any common-use~~  
26 ~~transportation system, and terminal modifications, and are not used~~  
27 ~~for any other purpose.~~

28 ~~(7) The fee is separately identified on the rental agreement.~~

29 ~~(b) The Los Angeles International Airport may require rental~~  
30 ~~companies to collect an alternative customer facility charge, as~~  
31 ~~defined in Section 50474.22, under the following conditions:~~

32 ~~(1) The airport first conducts a publicly noticed hearing pursuant~~  
33 ~~to the Ralph M. Brown Act (Chapter 9 (commencing with Section~~  
34 ~~54950) of Part 1 of Division 2) to review the costs to finance,~~  
35 ~~design, construct, maintain, or otherwise improve, as applicable,~~  
36 ~~a consolidated rental vehicle facility, any common-use~~  
37 ~~transportation system, and terminal modifications in which all of~~  
38 ~~the following occur:~~

39 ~~(A) The airport establishes the amount of revenue reasonably~~  
40 ~~necessary to finance the design, construction, operation,~~

1 maintenance, or other improvement, as applicable, of a  
2 consolidated rental vehicle facility, any common-use transportation  
3 system, and terminal modifications based on evidence presented  
4 during the hearing.

5 (B) The airport finds, based on evidence presented during the  
6 hearing, that the fee authorized in subdivision (a) will not generate  
7 sufficient revenue to finance the design, construction, operation,  
8 maintenance, or other improvement, as applicable, of a  
9 consolidated rental vehicle facility, any common-use transportation  
10 system, and terminal modifications.

11 (C) The airport finds that the reasonable cost of the project  
12 requires the additional amount of revenue that would be generated  
13 by the proposed daily rate, including any rate increase, authorized  
14 pursuant to this paragraph.

15 (D) The airport outlines each of the following:

16 (i) Steps it has taken to limit costs.

17 (ii) Other potential alternatives for meeting its revenue needs  
18 other than the collection of the fee.

19 (iii) The extent to which rental companies or other businesses  
20 or individuals using the facility or common-use transportation  
21 system will pay for the costs associated with these facilities and  
22 systems apart from the fee collected from rental customers.

23 (2) The airport may not require the fee authorized in this  
24 subdivision to be collected at any time that the fee authorized in  
25 subdivision (a) is being collected.

26 (3) Pursuant to the procedure set forth in this subdivision, the  
27 fee may be collected at a rate charged on a per-day basis subject  
28 to the following conditions:

29 (A) Commencing January 1, 2011, the amount of the fee may  
30 not exceed six dollars (\$6) per day.

31 (B) Commencing January 1, 2014, the amount of the fee may  
32 not exceed seven dollars and fifty cents (\$7.50) per day.

33 (C) Commencing January 1, 2017, and thereafter, the amount  
34 of the fee may not exceed nine dollars (\$9) per day.

35 (D) At no time shall the fee authorized in this paragraph be  
36 collected from any customer for more than five days for each  
37 individual rental vehicle contract.

38 (E) An airport subject to this paragraph shall initiate the process  
39 for obtaining the authority to require or increase the alternative  
40 fee no later than January 1, 2018. An airport that obtains the

1 authority to require or increase an alternative fee shall be authorized  
2 to continue collecting that fee until the fee authorization becomes  
3 inoperative pursuant to subdivision (c) of Section 50474.22.

4 (4) For an airport seeking to require rental companies to collect  
5 an alternative customer facility charge pursuant to this subdivision,  
6 the following provisions apply:

7 (A) The airport shall provide reports on an annual basis to the  
8 Senate and Assembly Committees on Judiciary detailing all of the  
9 following:

10 (i) The total amount of the customer facility charge collected.

11 (ii) How the funds are being spent.

12 (iii) The amount of and reason for any changes in the airport's  
13 budget or financial needs for the facility or common-use  
14 transportation system.

15 (B) (i) The airport shall complete an independent audit as  
16 required by subdivision (b) of Section 50474.22 prior to the initial  
17 collection of the customer facility charge. Copies of the audit shall  
18 be provided to the Assembly and Senate Committees on Judiciary,  
19 the Assembly Committee on Transportation, and the Senate  
20 Committee on Transportation and Housing and shall be posted on  
21 the airport's Internet Web site.

22 (ii) Prior to any increase pursuant to subdivision (b), the airport  
23 shall update the information provided in the initial collection audit  
24 completed pursuant to clause (i). Copies of the updated audit shall  
25 be provided to the Assembly and Senate Committees on Judiciary,  
26 the Assembly Committee on Transportation, and the Senate  
27 Committee on Transportation and Housing, and shall be posted  
28 on the airport's Internet Web site.

29 (iii) An audit shall be completed every three years after initial  
30 collection if the customer facility charge is collected for the purpose  
31 of operating a common-use transportation system or to acquire  
32 vehicles for use in the system pursuant to paragraph (2) of  
33 subdivision (a) of Section 50474.22. A regularly conducted audit  
34 of airport finances that includes the customer facility charge  
35 information, that satisfies the requirements of subdivision (b) of  
36 Section 50474.22, and is produced in accordance with the generally  
37 accepted accounting principles of the Government Accounting  
38 Standards Board, shall satisfy the requirements of this clause. This  
39 obligation shall continue until the fee authorization becomes  
40 inoperative pursuant to subdivision (c) of Section 50474.22. The

1 information reported pursuant to this clause shall be compiled into  
2 one document, shall be provided to the Assembly and Senate  
3 Committees on Judiciary, the Assembly Committee on  
4 Transportation, and the Senate Committee on Transportation and  
5 Housing and shall be posted on the airport's Internet Web site  
6 accessible to the public. The information reported shall be  
7 contained within one easily accessible page contained within the  
8 airport's Internet Web site.

9 (iv) This section shall not be construed to require an airport to  
10 audit a common-use transportation system not financed by a  
11 customer facility charge and used for the purposes permitted  
12 pursuant to paragraph (2) of subdivision (a) of Section 50474.22.

13 (v) The airport shall post on the airport's Internet Web site  
14 copies of the completed audits required by this subparagraph for  
15 a period of six years following the audit's completion.

16 (C) Use of proceeds of any bonds backed by alternative customer  
17 facility charges shall be limited to the purposes specified in Section  
18 50474.22.

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

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