



Senate

General Assembly

File No. 316

February Session, 2024

Substitute Senate Bill No. 184

Senate, April 8, 2024

The Committee on Transportation reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE RENTING OR LEASING OF PASSENGER MOTOR VEHICLES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 14-153b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2024*):

3 [No] (a) For the purposes of this section, "passenger motor vehicle"
4 does not include (1) a passenger motor vehicle classified as full-size elite,
5 premium, premium elite, luxury, luxury elite, oversize or special by
6 ACRIS, formerly known as the Association of Car Rental Industry
7 System Standards, or a successor to its functions, or (2) a sport utility
8 vehicle designed to transport six or more passengers.

9 (b) Except as provided in subsection (c) of this section, no person, firm
10 or corporation engaged in the business of renting or leasing passenger
11 motor vehicles without drivers, for periods of thirty days or less, shall
12 require any customer to show proof that [he or she holds a card
13 provided by a credit card issuer] such customer holds a credit card as a

14 condition to the rental of a passenger motor vehicle; provided such
15 person, firm or corporation may require that a customer, seeking to rent
16 for cash, apply for approval to rent up to three business days before the
17 expected rental and that such customer provide both suitable
18 identification and a reasonable deposit.

19 (c) No person, firm or corporation engaged in the business of renting
20 or leasing passenger motor vehicles without drivers, for periods of
21 thirty days or less, shall require an additional driver of any customer to
22 show proof that the additional driver holds a credit card or debit card
23 as a condition to the rental of a passenger motor vehicle to the customer,
24 provided such additional driver shows proof of a valid motor vehicle
25 operator's license and the customer shows proof that the customer holds
26 a credit card or debit card.

27 Sec. 2. Section 14-15b of the general statutes is repealed and the
28 following is substituted in lieu thereof (*Effective July 1, 2024, and*
29 *applicable to contracts entered into on or after said date*):

30 (a) For the purposes of this section:

31 (1) "Collision damage waiver" means any contractual provision
32 whereby a lessor of rental motor vehicles agrees for a charge to waive
33 any claims against a lessee for any damages to a rental motor vehicle
34 during the term of the rental [agreement.] contract;

35 [(b)] (2) "Rental motor vehicle" means a private passenger motor
36 vehicle, as defined in subsection (e) of section 38a-363, which is not the
37 subject of a lease with the option to purchase where the lessee has the
38 right to possession; and

39 (3) "Loss of use" means the deprivation of the use of a rental motor
40 vehicle by the person, firm or corporation leasing or renting such motor
41 vehicle during the period reasonably required to make repairs to the
42 motor vehicle.

43 [(c)] (b) Any motor vehicle rental contract incorporating a provision
44 for collision damage waiver shall comply with the provisions of chapter

45 742 and shall provide conspicuous notice that the lessee's personal
 46 automobile insurance policy may cover collision damage, fire and theft
 47 damage and personal injury incurred while using a rental motor vehicle,
 48 and of the annualized rate for the collision damage waiver and any
 49 liability provisions. Any such contract shall detail the full extent of its
 50 coverage.

51 ~~[(d)]~~ (c) No person, firm or corporation engaged in the business of
 52 renting or leasing [or renting to another any] rental motor [vehicle]
 53 vehicles shall: (1) Make any false or misleading statements either orally
 54 or in writing, in connection with the sale, offer to sell, or advertisement
 55 of a collision damage waiver; (2) omit any material statement in
 56 connection with the sale, offer to sell or advertisement of such waiver;
 57 or (3) make any statement that the purchase of a collision damage
 58 waiver is mandatory.

59 (d) Any motor vehicle rental contract incorporating a provision
 60 whereby the person, firm or corporation leasing or renting motor
 61 vehicles is able to recover the loss of use of a rental motor vehicle
 62 because of any damage to such motor vehicle incurred during the term
 63 of such contract may permit such person, firm or corporation to collect
 64 not more than one day of the daily rental fee stated in the contract for
 65 every four hours of labor required to repair such damage, provided the
 66 person, firm or corporation suffered an actual demonstrable loss of
 67 revenue due to the loss of use of the rental motor vehicle. The provisions
 68 of this subsection shall not apply to a person, firm or corporation that,
 69 incidental to the conduct of its principal business, rents or leases a rental
 70 motor vehicle without a driver in the state.

71 (e) A violation of any of the provisions of this section shall be deemed
 72 an unfair or deceptive trade practice under chapter 735a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2024	14-153b

Sec. 2	<i>July 1, 2024, and applicable to contracts entered into on or after said date</i>	14-15b
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TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill makes various changes regarding renting or leasing of motor vehicles including adding a section to the current unfair trade practice violations resulting in no fiscal impact to the state as the Department of Consumer Protection has the resources to meet the requirements of the bill.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sSB 184*****AN ACT CONCERNING THE RENTING OR LEASING OF PASSENGER MOTOR VEHICLES.***

This bill explicitly allows lessors of rental motor vehicles (see BACKGROUND) to collect fees through loss of use clauses (i.e., provisions in rental contracts allowing recovery for the “loss of use” of a rental motor vehicle due to damage sustained during the contract’s term) but limits the total amount they may collect. Under the bill, “loss of use” is the deprivation of the lessor’s use of a rental motor vehicle during the period reasonably required to repair it.

The bill also modifies the circumstances under which short-term car rental companies (i.e., those renting or leasing passenger motor vehicles without drivers for periods of 30 days or less) may require customers to provide a credit or debit card. It allows them to require customers to provide proof of a credit card as a condition for renting certain large or premium vehicles, but it prohibits them from requiring proof of a credit or debit card from a customer’s additional driver, as long as the additional driver shows a valid driver’s license and the customer shows proof of a card.

EFFECTIVE DATE: July 1, 2024

LOSS OF USE LIMIT

In practice, companies offering rental cars may include loss of use clauses in rental contracts allowing them to collect a fee from the renter for the period the vehicle cannot be rented to another person, but they typically offer to waive their rights to recover the fee if the renter pays for a collision damage waiver or separate loss of use waiver. Current law is silent on loss of use clauses in motor vehicle rental contracts.

Under the bill, a motor vehicle rental contract with a loss of use clause may allow the lessor to collect up to one day of the daily rental fee stated in the contract for every four labor hours required to repair the vehicle's damage. However, in order to collect under this clause, the lessor must have suffered an actual, demonstrable revenue loss due to the loss of use of the vehicle. The bill specifies that this provision limiting loss of use charges does not apply to lessors who rent or lease rental motor vehicles incidental to their principal business.

The bill makes violations of its loss of use clause provisions unfair trade practices under the Connecticut Unfair Trade Practices Act (CUTPA, see BACKGROUND).

PROOF OF CREDIT OR DEBIT CARD FOR CERTAIN VEHICLES

Current law prohibits short-term rental car companies from requiring a customer to show proof of a credit card as a condition for renting a vehicle, but they may require customers seeking to rent with cash to apply for advanced approval, show suitable identification, and leave a reasonable deposit.

The bill allows these companies to require proof of a credit card to rent (1) passenger motor vehicles classified as full-size elite, premium, premium elite, luxury, luxury elite, oversize, or special by ACRISS (i.e., The Association of Car Rental Industry System Standards) or a successor organization, or (2) sport utility vehicles designed to transport six or more people. The companies must continue to rent vehicles in other categories (e.g., economy, compact, standard) without requiring proof of a credit card as under existing law.

BACKGROUND

Rental Motor Vehicle

By law, a "rental motor vehicle" is a private passenger motor vehicle, as defined under insurance law, that is not the subject of a lease with the option to purchase where the lessee has the right to possession. A "private passenger motor vehicle" is a (1) private passenger-type automobile; (2) station wagon-type automobile; (3) camper-type motor

vehicle; (4) high mileage-type motor vehicle; (5) truck-type motor vehicle with a load capacity of 1,500 pounds or less, registered as a passenger motor vehicle or passenger and commercial (combination) motor vehicle, or used for farming; or (6) vehicle with a commercial registration. It excludes a motorcycle or motor vehicle used as a public or livery conveyance (CGS § 38a-363(e)).

CUTPA

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the consumer protection commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney’s fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation of a restraining order (CGS § 42-110a et seq.).

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 35 Nay 0 (03/20/2024)