Transportation Committee
JOINT FAVORABLE REPORT

Bill No.: SB-184

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

Vote Date: 3/20/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/26/2024

File No.:

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SPONSORS OF BILL:

Joint Committee on Transportation

REASONS FOR BILL:

This bill will prohibit a car rental company from requiring more than one driver of a rented vehicle provide a credit card and limit rental loss of use charges. This will make the renting of vehicles more accessible for lower income and single individuals.

PROPOSED SUBSTITUTE LANGUAGE

In line 26, add "or debit card" to clarify that debit cards are a valid form of payment

RESPONSE FROM ADMINISTRATION/AGENCY:

No administration provided testimony on this bill.

NATURE AND SOURCES OF SUPPORT:

John Heath, Senior Government Relations Manager, Turo

Provided testimony in support of the bill. Turo first expresses concerns that requiring a credit card for a secondary driver's use of a car may potentially be discriminatory to communities of color. The bulk of the testimony discusses the loss-of-use restrictions, which Turo finds to be predatory on consumers. Loss of use fees are calculated by a "good faith estimate" on the part of rental companies, however lack of regulation allows the practice to become exploitative. Such practices disproportionately affect low and middle-income communities, and thus have been banned in 3 states and limited in 9 already.

NATURE AND SOURCES OF OPPOSITION:

<u>Kristina Baldwin, Vice President, American Property Casualty Insurance Association</u>
Provided testimony in opposition to the bill, with special focus on section 2. Baldwin states concerns that the limit on loss of use charges will effectively mandate one day of loss use of use be paid for every four hours of labor required to repair a damaged vehicle. As rental car companies are already required to demonstrate loss of use to college such charges, concerns that they are abused are unfounded. Baldwin goes on to state that rental companies may not actually suffer loss of use due to damage, as loss of use may only occur when a company's entire fleet is being rented. Baldwin closes with a suggestion that rental companies be required to prove actual loss of use rather than collect fees based on hours spent repairing.

<u>Greg Scott, Government Relations Advisor, American Car Rental Association (ACRA)</u>
Provided testimony in opposition to the bill. ACRA states that this bill is contrary to established and sound industry standards, and as such would have a negative impact on the rental industry. They explain that additional drivers on rental contracts must be held financially liable in the event the primary driver in unable to pay, and that their ability to provide a driver's license and credit card is proof of their ability to do so. They go further to present hypothetical situations removing this requirement could cause. ACRA finds limiting loss of use charges arbitrary as well, as it does not account for situations beyond the control of the rental company. Lastly, ACRA takes issue with exempting peer-to-peer rental companies from loss of use restrictions without justification.

<u>Stephan Ranieri, Controller, Enterprise Mobility</u>
Provided testimony in opposition to the bill. Enterprise states that no customers in Connecticut have complained about loss of use, making regulation around what is a standard industry practice largely unnecessary. As such, they request two language changes to the bill. Firstly, in line 8 to replace "seven" with "six." Second, in lines 25 and 26, insert "or with a debit card" to make it clear that the provision does not imply only customers with a credit card can have additional drivers.

<u>Bob Sweeney, President, Car and Truck Rental and Leasing Association (CATRALA)</u>
Provided testimony in opposition to this bill. CATRALA states the bill stands contrary to reasonable and long-standing industry standards. Requiring an additional driver to provide their credit card is a measure rental companies adopt to prevent theft and payment failures by the primary drivers, both of which, CATRALA claims, would increase if the practice was banned. CATRALA further opposes the proposed limits on loss of use fees, as such fees are meant not merely to account for the cost of repairs but also the opportunity cost of having a vehicle out of commission for a period. They add that the loss of use restriction exemption on peer-to-peer transactions appears strange and arbitrary as well.

<u>The following individuals provided brief testimony in opposition</u>
Allison Hoag

Reported by: Garrett Smith **Date: 4/3/24**