
OLR Bill Analysis

sSB 184 (File 316, as amended by Senate "A")*

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

SUMMARY

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

*Senate Amendment “A” limits the amount a lessor may charge for loss of use to a reasonable estimate of the lessors’ actual income lost.

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, as long as the calculated amount does not exceed a reasonable estimate of the actual income lost for the loss of use. The bill specifies that this limitation 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)