

# HOUSE BILL REPORT

## SSB 5509

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### As Passed House:

April 13, 2009

**Title:** An act relating to clarifying rental car company charges, surcharges, and fees to be included in rental car agreements.

**Brief Description:** Clarifying rental car company charges, surcharges, and fees to be included in rental car agreements.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Marr, Kauffman and Shin).

### Brief History:

#### Committee Activity:

Transportation: 3/19/09, 3/23/09 [DP].

#### Floor Activity

Passed House: 4/13/09, 95-0.

### Brief Summary of Substitute Bill

- Allows rental car companies to include separately stated surcharges or fees in their rental agreements.
- Requires a rental car company that includes a separate vehicle license cost recovery fee in a transaction to insure that the fee is a good faith estimate of the average daily charge to recover the total annual titling, registration, plating, and inspection costs for the vehicle.
- Requires the rental car company to adjust the vehicle cost recovery fee for the following calendar year by the corresponding amount if the vehicle cost recovery fee is found to exceed the actual costs.
- Requires a rental car company that includes a separate child restraint system fee in a transaction to ensure that the fee is a good faith estimate of the rental car company's costs to provide the child restraint system.
- Allows rental car customers who pay a child restraint system rental fee to cancel the reservation for a vehicle without penalty and receive a full refund if the child restraint system is not provided within one hour of the customer's arrival at the location where the customer expects to receive the vehicle.

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## HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 26 members: Representatives Clibborn, Chair; Lias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell, Cox, Driscoll, Eddy, Finn, Flannigan, Herrera, Johnson, Klippert, Kristiansen, Moeller, Rolfes, Sells, Shea, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

**Minority Report:** Do not pass. Signed by 1 member: Representative Ericksen.

**Staff:** David Munnecke (786-7315)

### **Background:**

Rental car businesses are required to register with the Department of Licensing (DOL), and renew this registration annually. Rental cars must be titled and registered with the DOL, and identified at the time of registration with the rental car business number issued by the DOL. The DOL is empowered to conduct audits, investigations, and enforcement actions in relation to the statutory requirements for rental car businesses.

Rental car businesses are not required, nor are they prevented from, separately identifying fees or surcharges that are imposed in addition to the rental rate and applicable rental car taxes.

Under Washington law, a child must be restrained in a child restraint system until the child is eight years old, unless the child is 4 feet 9 inches or taller. The child restraint system must comply with standards of the U.S. Department of Transportation and must be secured in the vehicle in accordance with instructions of the vehicle manufacturer and the child restraint system manufacturer.

### **Summary of Bill:**

Rental car companies may include separately stated surcharges or fees in their rental agreements. If a rental car company includes a separate vehicle license cost recovery fee in a transaction, the fee must represent the company's good faith estimate of the average daily charge to recover the total annual titling, registration, plating, and inspection costs for the vehicle.

If the vehicle cost recovery fee imposed is found to exceed the actual costs for that calendar year, the rental car company can retain that amount but must adjust the vehicle cost recovery fee for the following calendar year by the corresponding amount.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is a technical bill that would allow rental car companies to do in Washington what they already do in many other states. The Oregon Legislature is currently considering a similar bill. Currently, car rental companies are able to set their own rates and include any costs in that rate. The law is silent on the issue of separately-listed charges on rental bills for fees and this bill would make the listing of those charges permissive. The industry standard is to turn over the rental car fleet every nine months and to associate the costs of licensing a vehicle with the vehicle. Consumers should be able to see the fees that they are charged and this would be the case on both the rental bill and online in a quote.

(Opposed) None.

**Persons Testifying:** Jeff Gombosky, Vanguard Automotive Group; and Shane Skinner and Gordon Walgren, Enterprise Rental Cars.

**Persons Signed In To Testify But Not Testifying:** None.