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BILL ANALYSIS

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Senate Bill 1003 (as introduced 12-13-07)
Sponsor: Senator Randy Richardville
Committee: Economic Development and Regulatory Reform

(as enacted)

Date Completed: 3-12-08

CONTENT

The bill would amend the Michigan Consumer Protection Act to do all of the following:

- Require a car rental company to provide a consumer with an estimated total price for a vehicle rental and disclose any vehicle license cost recovery fee and any other mandatory fee.**
- Provide that a vehicle license cost recovery fee would have to be based on the company's average per-vehicle portion of the cost to license, title, and register its vehicles.**
- Require a car rental company to reduce vehicle license recovery fees in a year after its collected amount exceeded its actual licensing, titling, and registration costs.**

"Vehicle license cost recovery fee" would mean a charge that may be included in a vehicle rental transaction originating in Michigan to recover costs incurred by a car rental company to license, title, and register rental vehicles. "Mandatory fee" would mean a fee, charge, or surcharge that a car rental company includes in every vehicle rental transaction. A fee, charge, or surcharge associated with optional products and services available for purchase by a consumer at the time of rental would not be a mandatory fee.

Specifically, the bill would require a car rental company to do either of the following at the time it provided a consumer with a price quote or estimate for a vehicle rental transaction, and in the rental agreement:

- Provide an estimated total price for the vehicle rental transaction.
- Disclose the existence of any vehicle license cost recovery fee and any other separately stated mandatory fee.

If a vehicle license cost recovery fee were included as a separately stated mandatory fee in a vehicle rental transaction, the amount of the fee would have to be based on the car rental company's good-faith estimate of its average per-vehicle portion of the total annual costs to license, title, and register its vehicles. If the total amount of the vehicle license recovery fees collected by a car rental company under the bill in any calendar year exceeded the company's actual costs to license, title, and register rental vehicles for that calendar year, the company would have to do both of the following:

- Retain the excess amount.

-- Reduce the vehicle license recovery fees for the following calendar year by an amount equal to the excess amount collected in the preceding calendar year.

The Act states that unfair, unconscionable, or deceptive methods, acts, or practices in the conduct of trade or commerce are unlawful, and it lists activities that constitute these methods, acts, or practices. The bill would include a violation of its provisions in the list.

MCL 445.903 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.