

HB

272



SENATE TRANSPORTATION COMMITTEE

State Capitol, Room 11
Juneau AK, 99801-1182
907-465-6828

To: Senate Transportation Committee Members

From: Senator Albert Kookesh, Chair, Senate Transportation Committee *A. Kookesh*

Date: February 18, 2010

Re: Notice of Senate Transportation Committee Meeting for the week of February 22 - 26, 2010

Tuesday, February 23, 2010 **Butrovich Room 205** **1pm to 2:00 pm**

- + **SB 272**: charges for rented motor vehicles, cost recovery fees, making a violation of the rented motor vehicle charge provisions and unfair trade practice. Sponsor: Senator Huggins

Senator Linda Menard will chair this meeting.

Thursday, February 25, 2010 **Butrovich Room 205** **1pm to 2:30 pm**

- + **CSHB 114**: relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aide. Sponsor: Representative Ramras (HB 114 Previously heard).
- + **SB 280**: An act designating the bridge to be built on the Dalton Highway at approximately mile post 308 as the Sam Schuyler Memorial Bridge. Sponsor: Senator Joe Paskvan
- + indicates will be teleconferenced

ALASKA STATE LEGISLATURE

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Charlie Huggins Senator

February 16, 2010

To: Senator Albert Kookesh, Chair
Senate Transportation Committee

From: Senator Charlie Huggins *Charlie Huggins*

Subject: Request to Schedule SB 272, Rental Car Fees, for a Hearing

I respectfully request the scheduling of SB 272, "An Act relating to charges for rented motor vehicles, including cost recovery fees, and making a violation of the rented motor vehicle charge provisions an unfair trade practice," for a hearing before the Senate Transportation Committee at your earliest convenience.

Please contact my staff member Edra Morledge, with any questions on the details of this bill. Her phone number is 465-6149.

Please find attached pertinent information for the committee.

Thank you.

Attachments

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 272
 () Publish Date: _____

Identifier (file name): SB272-LAW-CIV-02-19-10 Dept. Affected: Law
 Title: An act relating to charges for rented motor vehicles, cost recovery fees, and RDU Civil
 making violation the rented motor vehicle charge provisions an unfair trade practice Component Commercial and Fair Business
 Sponsor Senator Huggins
 Requester _____ Transportation Component Number 2717

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| | Appropriation Required | Information | | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|------------|
| | | FY 2011 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Contractual | | | | | | | | |
| Supplies | | | | | | | | |
| Equipment | | | | | | | | |
| Land & Structures | | | | | | | | |
| Grants & Claims | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | FY 2011 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | |
| 1003 GF Match | | | | | | | |
| 1004 GF | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | |
| 1037 GF/Mental Health | | | | | | | |
| Other Interagency Receipts | | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2010) cost: _____

POSITIONS

| | FY 2011 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
|-----------|---------|---------|---------|---------|---------|---------|---------|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

SB 272 will require rental car companies to separately identify a "cost recovery fee" in the rental contract. "Cost recovery fee" is defined to mean a vehicle licensing cost recovery fee, an airport-related cost, a government tax, or a government surcharge. The bill will also prohibit rental car companies from charging a vehicle licensing fee unless the fee represents a good faith estimate by the rental car business of the average daily cost to the rental car business of recovering its actual total annual licensing costs in the state during a calendar year. Finally, the bill makes a violation of this law an unfair trade practice under AS 45.50.471. The Department of Law enforces the Unfair and Deceptive Trade Practices Act, AS 45.50.471. We do not expect that this bill, if enacted, would generate substantial new enforcement activity, and the Department would absorb any such enforcement within existing resources, therefore the fiscal impact is considered zero.

Prepared by: Eileen Donahue, Division Operations Manager
 Division Administrative Services
 Approved by: Daniel S. Sullivan, Attorney General
Department of Law

Phone 465-5427
 Date/Time 2/19/10 5:30 PM
 Date 2/19/2010

ALASKA STATE LEGISLATURE

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Charlie Huggins Senator

Sponsor Statement

Senate Bill 272 – Rental Car Fees

"An Act relating to charges for rented motor vehicles, including cost recovery fees, and making a violation of the rented motor vehicle charge provisions an unfair trade practice."

SB 272 is a technical bill that would allow rental car companies to do in Alaska what they already do in thirty other states. Alaska law is currently silent on the issue of separately-listed charges on rental car statements for the recovery of fees. This bill would require those fees to be listed separately and clearly identified on the rental car agreement.

The industry standard is to turn over the rental car fleet every twelve months and to associate the costs of licensing the vehicles, concessions, and airport or facility-related costs with the vehicles themselves. In addition to government taxes and surcharges, rental car companies assess additional "cost recovery fees" to offset those costs. Consumers should be made aware, and be able to see the fees they are charged, on both the rental bill and in an online quote. This bill would provide full disclosure and transparency of "cost recovery fees" included in rental car agreements.

Contact:
Edra Morledge
465-6419
SB 272, 26-LS13931A
February 16, 2010

Vehicle Licensing Fees Per State 2010

| STATE | CITATION | SUMMARY | VLF Charge |
|----------------|---------------------------------|--|--|
| Arizona | A.R.S. §28-5810 | 5% on rentals not exceeding 180 days, used only for reimbursement of the amount of VLF imposed on rental car company. | 5% - Mandatory |
| Connecticut | §12-692(b)-(c) | 3% on vehicles rented in-state for rentals not exceeding 31 days. Surcharge imposed on total amount charged to renter. Used only for reimbursement of the amount of VLF imposed on the company. | 3% - Mandatory |
| Hawaii | C.G.S. §437D-8.4(a)(2) | 1/365 of the VLF for the vehicle being rented for each full or partial 24-hour day the vehicle is rented, not to exceed the actual annual VLF on that vehicle. | Varies based upon particular vehicle. – Non-mandatory |
| Minnesota | M.S.A. §297A.135 | 3% of the sales price. It must be reported and paid to the commissioner of revenue. A lessor collecting the fee is entitled to a rebate of the fee collected equal to the amount of the fees collected | 3% - Mandatory |
| Nebraska | Neb. Rev. Stat. §77-4501(1)-(2) | 4.5% of rental amount, not including sales tax. Money collected in excess must be paid to the treasurer of the county where the transactions occurred. | 4.5% - Mandatory |
| Rhode Island | Gen.Laws §31-34.1-2 | 6% for gross receipts per vehicle on all rentals for each of the first 10 consecutive days. 50% of that is retained by the rental car company and 50% is remitted to the state. | 6% - Mandatory |
| South Carolina | S.C.C. §56-31-50 | 5% on rentals not exceeding 31 days. They may only be used for reimbursement of the amount of personal property taxes imposed and paid upon these vehicles by the vehicle owner or rental car company. | 5% - Mandatory |

Vehicle Licensing Fees Per State 2010

| | | | |
|------------------|---------------------------------------|---|-----------------------------------|
| Tennessee | T.C.A. §67-4-1901 | 3% of the gross proceeds from the rental agreement (gas, insurance, etc.) for rentals not exceeding 31 days. Fees to be remitted back to the state. | 3% - Mandatory |
| Texas | V.T.C.A., Occupations Code § 2301.851 | Proportionate amount of title fees, registration fees, and property taxes paid in the preceding calendar year on the vehicle fleet. | \$1.75/day – Non-mandatory |
| Virginia | 46.2-755(D) Code of Virginia | Allows for recoupment of VLF, airport concession fees, airport consolidated facility fees or other governmentally mandated fees. The fees must be disclosed in advertisement, in the contract and calculated based on direct costs. | See below – Non-mandatory |
| Wisconsin | Chapter 100.53 | Allows for recoupment of title and registration fees so long as it is disclosed in advertising and on contracts. | \$.41/day – Non-mandatory |
| Wyoming | W.S. 1977 §31-3-104 | 4%, any amount collected in excess of VLF is remitted to dept for distribution. | 4% - Mandatory |
| New Laws in 2006 | | | |
| Ohio | | Recoup VLF on a per rental day calculation. | \$.26/day – Non-mandatory |
| Maryland | | Recoup VLF so as to not over-collect. | \$.28/day – Non-mandatory |
| Montana | | Recoup VLF so long as it is disclosed on contract and we do not over-collect. | \$1.49/day – Non-mandatory |
| New Hampshire | | Recoup VLF so long as it is disclosed. No calculative method. | \$1.60/day – Non-mandatory |
| Virginia | | Recoup VLF so long as it is disclosed and any overcollection must be forwarded to next year and we must reduce our rate. | \$.30/day – Non-mandatory |
| New Laws in 2007 | | | |

Vehicle Licensing Fees Per State 2010

| | | | |
|------------------|--------------------------------|--|---|
| Maine | SB 1645 | Recoup VLF; no calculative method | \$1.50/day – Non-mandatory |
| Missouri | SB 82 | Recoup VLF; no calculative method | \$1.18/day – Non-mandatory |
| North Carolina | SB 1118 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$\$.39/day – Non-mandatory |
| New Laws in 2008 | | | |
| Georgia | SB 181 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$.92/day – Non-mandatory |
| Kentucky | HB 393 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$.80/day – Non-mandatory |
| Massachusetts | SB 2416 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$1.50/day – Non-mandatory |
| Michigan | SB 1008 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$.57/day – Non-mandatory |
| New in 2009 | | | |
| Arkansas | Attorney General Opinion | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate. | \$.79/day – Non-mandatory |
| California | SB 10 (Special Session - 2009) | Recoup INCREASED registration and titling fees only. | \$.05/day – Non-mandatory |
| Washington | SB 5509 | Recoup VLF; no calculative method; any annual over-collection shall be forwarded to next year and reduce rate | \$.30/day – Non-mandatory |
| Oregon | SB 2818 | Recoup VLF; no calculative method. | \$.37/day – Non-mandatory |
| Illinois | HB 2424 | Recoup VLF; no calculative method; any annual over-collection shall be rolled over to next year and reduce rate. | \$.99/day – Non-mandatory |
| Nevada | N.R.S. §482.313 | New in 2009: The 4% rental fee, which was a VLF | \$1.33/day (est. law takes effect October |