

STORAGE NAME: h0817.brc

DATE: March 17, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
BUSINESS REGULATION AND CONSUMER AFFAIRS
ANALYSIS**

BILL #: HB 817

RELATING TO: Motor Vehicle Lease Disclosure

SPONSOR(S): Representatives Futch, Lynn, and Greenstein

COMPANION BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TRANSPORTATION YEAS 10 NAYS 0
 - (2) BUSINESS REGULATION AND CONSUMER AFFAIRS
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

The bill requires a retail lessor of a motor vehicle, who leases a vehicle for more than four months, to disclose the following in writing to the lessee prior to signing the lease contract:

- What happens with respect to the contract on the death of the lessee or co-lessee; and
- What happens to the contract on the death of the lessee if the spouse of the lessee is not a co-lessee.

The bill has no fiscal impact on the state. The fiscal impact on leasing companies is expected to be minimal since they would include the two additional disclosure requirements in the current lease disclosure process.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Legislature enacted the Motor Vehicle Lease Disclosure Act in 1995 (ch. 521, F.S.) to ensure lessees are adequately apprised of the total cost of the vehicle lease. The act applies to motor vehicle leases that are for longer than four months and provides terms and definitions for the various costs that must be disclosed. It requires those costs, along with a disclosure statement, to be in at least 12-point bold type and set apart in a box. The act is implemented by motor vehicle lessors in conjunction with the requirements of the federal Consumer Leasing Act and Regulation M.

The Consumer Leasing Act (CLA), 15 U.S.C. s. 1667 et seq., was enacted into law in 1976 as an amendment to the Truth in Lending Act, 15 U.S.C. 1601 et seq. The Federal Reserve Board was given rule writing authority, and its Regulation M (12 CFR part 213) implements the CLA.

The CLA generally governs consumer leases of personal property involving \$25,000 or less and a term of more than 4 months. An automobile lease is a common type of consumer lease covered by the CLA. The CLA requires lessors to provide, in a uniform manner, the cost and other disclosures in consumer lease transactions and in lease advertising. Prior to entering into a lease agreement, lessors must give consumers fifteen to twenty disclosures, including the amount of initial charges to be paid, an identification of leased property, a payment schedule, the responsibilities for maintaining the leased property, and the liability for terminating a lease early. The CLA also provides conditions that must be met when there is an inconsistency between the CLA and state law.

B. EFFECT OF PROPOSED CHANGES:

The bill requires a retail lessor of a motor vehicle, who leases a vehicle for more than four months, to disclose the following in writing to the lessee prior to signing the lease contract:

- What happens to the contract on the death of the lessee or co-lessee; and
- What happens to the contract on the death of the lessee if the spouse of the lessee is not a co-lessee.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

- a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Retail lessors of motor vehicles are required to disclose the additional information in writing.

(3) any entitlement to a government service or benefit?

N/A

- b. If an agency or program is eliminated or reduced:

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(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill places additional disclosure requirements on private motor vehicle leasing companies.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

Yes. The bill places additional disclosure requirements on private motor vehicle leasing companies.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

N/A

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

N/A

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

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(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

s. 521.004, F.S.

E. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Minimal. Leasing companies would include the two additional disclosure requirements into the current lease disclosure process.

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

N/A

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

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