

STORAGE NAME: h1489a.ag.doc

DATE: February 13, 2002

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
AGRICULTURE & CONSUMER AFFAIRS
ANALYSIS**

BILL #: HB 1489

RELATING TO: Motor Vehicle Lease Disclosure

SPONSOR(S): Representative Wishner

TIED BILL(S): none

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

- (1) AGRICULTURE & CONSUMER AFFAIRS (CCC) YEAS 7 NAYS 0
 - (2) COUNCIL FOR COMPETITIVE COMMERCE
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

HB 1489 revises chapter 521, F.S., the Motor Vehicle Lease Disclosure Act, to require disclosure in the lease agreement of charges assessed to the lessee with respect to wear and tear of the leased vehicle. The bill directs the Department of Agriculture and Consumer Services to, by rule, develop a definition of "wear and tear of a leased vehicle." The rule must be adopted on or before July 1, 2002.

The bill appears to have minimal fiscal impact to state government, and takes effect upon becoming a law.

On February 13, 2002, one amendment was adopted by the Committee on Agriculture and Consumer Affairs. Please see Section VI., Amendments or Committee Substitute Changes, for an explanation of the amendment.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Among retail lessors of motor vehicles, there is presently no consistently used definition of "wear and tear." At the end of the lease period, consumers have no way of knowing what they will be charged regarding wear and tear on the leased vehicle. Leasing companies have many different methods for evaluating wear and tear when the vehicle is turned in at the end of the lease period. According to the bill sponsor, some financing companies work with vehicle dealerships to offer low initial lease rates and then, when the lease period is over, assess the lessee large sums for excessive wear and tear on the vehicle.

C. EFFECT OF PROPOSED CHANGES:

The bill amends s. 521.004, F.S., to require retail lessors to include in the lease agreement disclosure of charges to be assessed regarding wear and tear on the leased vehicle. The bill also directs the Department of Agriculture and Consumer Services (department) to adopt, by July 1, 2002, a rule providing a uniform definition of "wear and tear of a leased vehicle."

Retail lessors failing to comply with disclosure requirements regarding wear and tear are subject to existing civil remedies as enumerated in s. 521.006, F.S., including: a civil penalty of up to \$1,000 per lease transaction, and reasonable attorney fees and costs; action brought by the lessee in circuit court to recover actual damages sustained; and action brought in circuit court by the Department of Legal Affairs on behalf of a consumer.

D. SECTION-BY-SECTION ANALYSIS:

Please see Section C. Effect of Proposed Changes.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

The only expense anticipated by the department is the minimal cost associated with rule promulgation.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Unknown.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

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:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill requires the department to adopt, by July 1, 2002, a rule specifying a uniform definition of "wear and tear of a leased vehicle."

C. OTHER COMMENTS:

None.

STORAGE NAME: h1489a.ag.doc

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PAGE: 4

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 13, 2002, the Committee on Agriculture and Consumer Affairs adopted an amendment to clarify language requiring disclosure and an explanation of the standard used to calculate wear and tear on a leased vehicle.

VII. SIGNATURES:

COMMITTEE ON COMMITTEE ON AGRICULTURE & CONSUMER AFFAIRS:

Prepared by:

Staff Director:

Susan D. Reese

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