

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 1356

SPONSOR: Senators Alexander and Campbell

SUBJECT: Retail Leases

DATE: April 12, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Evans	Meyer	TR	Favorable
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill requires a retail lessor to give a retail lessee a copy of the lease agreements and deletes previous requirements of the lessor, which provide the lessee with all documents signed during the lease transaction.

This bill substantially amends section 521.004 of the Florida Statutes.

II. Present Situation:

Sections 521.001-521.006, F.S., are cited as the Florida Motor Vehicle Lease Disclosure Act. According to s. 521.002, F.S, the regulations stipulated in the act do not supersede any laws or rules under the Federal Truth in Lending Act or the Uniform Commercial Code of Florida (UCC).

Section 521.003, F.S., states a lease transaction is considered to be the presentation made to the lessee concerning the motor vehicle, including a sales presentation or a document presented to the retail lessee, resulting in the execution of a lease agreement. The lease agreement itself is the written agreement between lessor and lessee, stipulating a minimum lease of four months or more, regardless if there is an option to later buy the vehicle after the lease expires. A lease agreement does not include the transactions or contracts expressly intended for the sale of a motor vehicle as governed by the Motor Vehicle Retail Sales Finance Act. Under s. 521.004 (2), F.S., retail lessors are obligated to provide the lessee with a copy of each document signed by the lessee during the course of the lease transaction.

Section 521.004 (1), F.S., Florida law requires a disclosure to the retail lessee in the lease agreement in a separate blocked section, in capital letters of at least 12-point bold type, with the appropriate amounts specified, as follows:

THIS IS A LEASE AGREEMENT.
THIS IS NOT A PURCHASE AGREEMENT.

PLEASE REVIEW THESE MATTERS CAREFULLY AND SEEK INDEPENDENT
PROFESSIONAL ADVICE IF YOU HAVE ANY QUESTIONS CONCERNING THIS
TRANSACTION. YOU ARE ENTITLED TO AN EXACT COPY OF THE AGREEMENT YOU SIGN.
CAPITALIZED COST \$

(Your total cost of goods, services, & fees.)
CAPITALIZED COST REDUCTION \$

(Your total credits.)
ADJUSTED OR NET CAPITALIZED COST

(Your net cost of goods, services, & fees.)

Under s. 521.004(1), F.S., the portion of the disclosure stating the terms "capitalized cost," "capitalized cost reduction," and "adjusted or net capitalized cost," and the explanations contained in the parentheticals, as well as their respective amounts, are not required to be disclosed if the terms "gross capitalized cost," "capitalized cost reduction," and "adjusted capitalized cost" and the descriptions disclosures set forth and required by the federal Consumer Leasing Act, 15 U.S.C.1667 et seq., and Federal Reserve Board Regulation M. 12 C.F.R. 213, are set forth elsewhere in the lease agreement.

Section 521.006, F.S., states any retail lessor who fails to comply with the Florida Motor Vehicle Lease Disclosure Act is liable for damages sustained to the lessee as well as up to a \$1000 civil penalty per lease transaction. Both the lessee as well as the Department of Legal Affairs, acting in behalf of a consumer, may bring an action for any damages sustained. An action must be brought within one year from the date of the last payment of the lease, and any bona fide typographic error on a lease agreement does not constitute a violation of the Florida Motor Vehicle Lease Disclosure Act.

Section 501.976, F.S., known as the Florida Deceptive and Unfair Trade Practices Act, makes the following actionable for a dealer to:

- Misrepresent, directly or indirectly, a vehicle is a factory executive vehicle unless it was purchased directly form the factory.
- Misrepresent, directly or indirectly, a vehicle is a demonstrator unless it complies with the definition of a demonstrator.
- Misrepresent the quality of care of the vehicle, regardless of service.
- Misrepresent, orally or in writing, a vehicle has not sustained damages unless otherwise able to be proved.
- Fail to fully disclose the terms of any warranties the dealer and customer share
- Fail to honor a warranty unless properly disclaimed.
- Misrepresent the coverage of the warranty.
- Obtain signatures from a customer on contracts, which are not fully completed or misrepresent the negotiation.
- Alter or change the odometer mileage of a vehicle.

- Increasing the price of a vehicle after having accepted an order of purchase or a contract from the buyer.

III. Effect of Proposed Changes:

Section 1. Amends s. 521.004 (2), F.S., requires a retail lessor to provide the lessee only with a copy of the signed lease document during the course of a lease transaction or agreement.

Section 2. Provides an effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill may reduce the number of successful actions by lessees against lessors of motor vehicles.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
