

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 853 Motor Vehicle Lease Agreements
SPONSOR(S): Reagan
TIED BILLS: **IDEN./SIM. BILLS:** SB 1356

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture Committee		Smith	Reese
2) State Resources Council			
3)			
4)			
5)			

SUMMARY ANALYSIS

Current Florida law requires retail lessors to provide a lessee with a copy of each document signed by the lessee during the course of an automobile lease transaction. The bill would require the retail lessor to provide only a copy of the signed agreement.

The bill appears to have no impact on state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Safeguard Individual Liberty – The bill decreases the obligation motor vehicle lessors have to provide copies of all signed documents to lessees

B. EFFECT OF PROPOSED CHANGES:

PRESENT SITUATION

State Law and Rules

Under the Florida Motor Vehicle Lease Disclosure Act (Act), retail lessors are obligated to disclose to the lessee with a copy of each document signed by the lessee during the course of the lease transaction.¹ 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.² The lease agreement itself is the written agreement between lessor and lessee, stipulating a minimum lease of 4 months or more, regardless if there is an option to later buy the vehicle after the lease expires.³ 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.⁴

Florida law requires a disclosure clause as part of a lease agreement. The agreement must specify to the lessee that the document is, in fact, a lease and not sale. The clause must also inform the lessee of their entitlement to be provided with a signed copy of the lease agreement.⁵ Specific language for the clause is set forth in statutes; however other required disclosure statements may be listed elsewhere in the lease agreement.⁶

Chapter 520 governs the different sales contracts. Section 520.07 (c), F.S., requires the seller to provide a copy of the contract to the buyer, as well as all subsequent information required by law.⁷ The statute is silent in respect to disclosure of other documents, other than documents involving financing of the motor vehicle sale.⁸

The Act does not supersede any laws or rules under the Federal Truth in Lending Act or the Uniform Commercial Code of Florida (UCC).⁹ Federal codes exempt states from the provisions of lease transactions if state law is considered “substantially similar” and a state has adequate provisions for enforcement.¹⁰

Any retail lessor that fails to comply with this 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

¹ s. 521.004 (2), F.S.

² s. 521.003 (5), F.S.

³ s. 521.003 (4), F.S.

⁴ s. 521.003 (4), F.S.

⁵ s. 521.004 (1), F.S.

⁶ s. 521.004 (1), F.S.

⁷ s. 520.07 (b) (2b.), F.S.

⁸ s. 520.34 (b) (2b.), F.S.

⁹ s. 521.004 (2), F.S.

¹⁰ 15 USC 1633

action must be brought within 1 year of the lease expiration, and any bona fide typographic error on a lease agreement does not constitute a violation.¹¹

Lease transactions between dealers and customers generally include the signing and disclosure of a variety of documents. Such documents include: the lease agreement, any service or maintenance plans, any cosigned documents for minor customers, title and tag documentation, and Florida lemon law disclosure documents.¹² Copies of other federally required documentation, such as odometer readings, must be given to the lessee.¹³

Under the Florida Deceptive and Unfair Trade Practices Act, limitations on a dealer entering into a lease agreement concerning signed sales and lease documentation include but are not limited to:¹⁴

- Misrepresent directly or indirectly that a vehicle is a factory executive vehicle unless it was purchased directly from the factory.
- Misrepresent directly or indirectly that 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 that a vehicle has not sustained damages unless otherwise able to be proved.
- Fail to fully disclose the terms of any warranties that the dealer and customer share.
- Fail to honor a warranty unless properly disclaimed
- Misrepresent warranty coverage
- Obtain signatures from a customer on contracts that are not fully completed or misrepresent the negotiation.
- Alter or change the odometer mileage of a vehicle.

EFFECT OF PROPOSED CHANGES

The bill would require retail a lessor to provide the lessee only with a copy of the signed lease document during the course of a lease transaction or agreement.

C. SECTION DIRECTORY:

Section 1: Amends s. 521.004 (2), F.S., requiring retail lessors to provide retail lessee with a copy of the lease agreement.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

¹¹ s. 521.006, F.S.

¹² Personal Communication, Finance Department, University Toyota, Tallahassee, Florida

¹³ Personal Communication, Finance Department, University Toyota, Tallahassee, Florida

¹⁴ s. 501.976, F.S.

2. Expenditures:

The Department of Legal Affairs may incur costs of bringing an action against a lessor on behalf of a lessee.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES