

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 853  
**SPONSOR(S):** Reagan  
**TIED BILLS:**

Motor Vehicle Lease Agreements  
**IDEN./SIM. BILLS:** SB 1356

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture Committee	8 Y, 0 N	Smith	Reese
2) State Resources Council		Smith	Hamby
3) _____			
4) _____			
5) _____			

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**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 requires 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 provide the lessee with a copy of each document signed by the lessee during the course of the lease transaction.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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.<sup>5</sup> Specific language for the clause is set forth in statutes; however other required disclosure statements may be listed elsewhere in the lease agreement.<sup>6</sup>

Chapter 520, F.S., 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.<sup>7</sup> The statute is silent in respect to disclosure of other documents, other than documents involving financing of the motor vehicle sale.<sup>8</sup>

The Act does not supersede any laws or rules under the Federal Truth in Lending Act or the Uniform Commercial Code of Florida (UCC).<sup>9</sup> 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.<sup>10</sup>

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

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<sup>1</sup> s. 521.004 (2), F.S.

<sup>2</sup> s. 521.003 (5), F.S.

<sup>3</sup> s. 521.003 (4), F.S.

<sup>4</sup> s. 521.003 (4), F.S.

<sup>5</sup> s. 521.004 (1), F.S.

<sup>6</sup> s. 521.004 (1), F.S.

<sup>7</sup> s. 520.07 (b) (2b.), F.S.

<sup>8</sup> s. 520.34 (b) (2b.), F.S.

<sup>9</sup> s. 521.004 (2), F.S.

<sup>10</sup> 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.<sup>11</sup>

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.<sup>12</sup> Copies of other federally required documentation, such as odometer readings, must be given to the lessee.<sup>13</sup>

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:<sup>14</sup>

- 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 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.

### **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

#### **2. Expenditures:**

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

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<sup>11</sup> s. 521.006, F.S.

<sup>12</sup> Personal Communication, Finance Department, University Toyota, Tallahassee, Florida

<sup>13</sup> Personal Communication, Finance Department, University Toyota, Tallahassee, Florida

<sup>14</sup> s. 501.976, F.S.

**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**

None