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Senate Bill 512 (as introduced 5-17-07)

Sponsor: Senator Alan Sanborn

Committee: Economic Development and Regulatory Reform

Date Completed: 5-22-07

CONTENT

The bill would amend the Consumer Protection Act to prohibit a rental vehicle company from offering a damage waiver to a consumer as an optional provision in a rental agreement for a motor vehicle unless the rental agreement contained all of the following statements:

- The purchase of a damage waiver was optional.
- The purchase of a damage waiver was not required to rent a motor vehicle.
- The renter might wish to contact his or her insurance representative or credit card company to obtain information regarding his or her coverage or protection, if any, for damage to or theft of a rented motor vehicle and/or the amount of his or her insurance deductible or out-of-pocket risk for filing a claim for damage to or theft of a rented motor vehicle.

At each place of business in Michigan at which the rental vehicle company rented motor vehicles to consumers, it would have to display a conspicuous notice that contained all of the statements described above.

In addition, the Act provides that unfair, unconscionable, or deceptive methods, acts, or practices in the conduct of trade or commerce are unlawful, and contains a list of such practices. The Attorney General may bring an action to enjoin a method, act, or practice that violates the Act. The court may award costs to the prevailing party, and may assess a civil fine of up to \$25,000 for a persistent and knowing violation. The bill would include a violation of the rental agreement requirement in the list of unlawful methods, acts, or practices.

Under the bill, "rental vehicle company" would mean a person in the business of providing motor vehicles to the public under rental agreements. "Rental agreement" would mean a written agreement that contains the terms and conditions governing the use of a rented motor vehicle by a consumer for a period of not more than 90 days. The term would include any additional or supplemental agreements executed as part of the rental agreement.

"Damage waiver" would mean a provision in an agreement in which a rental vehicle company agrees, for a fee, to waive any claims against a renter of a motor vehicle for any damage to or theft of the vehicle that occurs during the term of the rental agreement.

MCL 445.903 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.