



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 1024

Assembly Amendment 1

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Contact: Don Salm, Senior Staff Attorney (266-8540)

2005 Assembly Bill 1024 makes various changes to the current laws relating to vehicle rental companies, vehicle renters, and damages to rental vehicles.

Definition of “Accident”; New Theft Provision; Presumption

The **bill** revises the definition of “accident” in s. 344.57 (1), Stats., for purposes of these vehicle rental provisions to mean: a collision of a private passenger vehicle (hereafter “vehicle”) with another object, **theft or loss of the vehicle**, or other upset of the vehicle **not caused intentionally by the renter**. **A renter is presumed to have not caused theft or loss to the vehicle intentionally if certain circumstances set forth in the bill apply.** [Language in bold is new in the bill].

Under the **amendment**, “accident” is defined to mean collision of a vehicle with another object or other upset of the vehicle not caused intentionally by the renter. The amendment places the theft-related language in another statutory provision, s. 344.574 (1) (a), Stats., which currently provides that unless a renter purchases a damage waiver, a rental company may hold the renter liable (to the extent permitted under subs. (2) to (4) of that section) for physical or mechanical damage to the rental vehicle that is: (1) caused by an accident occurring while the vehicle is under the rental agreement; or (2) caused by the renter or an authorized driver who is using the vehicle, intentionally or by his or her reckless or wanton conduct. The amendment **adds a third circumstance, related to theft: theft of the vehicle intentionally caused by the renter**. A renter is **presumed** not to have caused the theft intentionally **if all of the following apply:**

1. The renter or authorized driver **has possession** of the ignition key furnished by the rental company **or establishes** that the ignition key furnished by the rental company was not in the vehicle at the time of the theft.

2. The renter or authorized driver **files an official report** of the theft with the police or other law enforcement agency **within 24 hours** of learning of the theft and **reasonably cooperates** with the rental company, police, or other law enforcement agencies in providing information concerning the theft.

Renter's Liability for Storage of Vehicle

Under **current s. 344.574 (2), Stats.**, the total liability of a renter or authorized driver under sub. (1) (above) for damage to a rented vehicle may not exceed certain amounts, including “Actual and reasonable costs incurred by the rental company for...storage of the private passenger vehicle **for no more than 2 days.**”

Under the **bill**, this provision is changed to read: “Actual and reasonable costs...for storage...**after the renter notifies the rental company of the damage to the vehicle.**”

Under the **amendment**, this provision is revised to read: “Actual and reasonable costs...for storage...**during the period before the renter notifies the rental company of the damage to the vehicle or for 14 days after the damage occurs, whichever period is shorter.**”

Rental Company's Responsibility to Obtain Estimates

Under **current law**, a rental company may not collect or attempt to collect the amounts permitted under the statutes from the renter or authorized driver or the insurer of the renter or authorized driver unless the rental company does, among other specified items, obtains at least **two estimates** from competing repair shops on the costs of repairing the vehicle, makes a copy of each estimate available upon request to the renter or authorized driver or his or her insurer, and submits a copy of each estimate with any claim to collect the amounts permitted.

Under the **bill**, a rental company would be required to obtain only **one such estimate**. However, “upon request,” the rental company must obtain a second estimate and make a copy available to the requester.

The **amendment** revises the “upon request” language in the bill to read: “**If requested within 2 working days of giving to the renter or authorized driver the notice required under par. (a)** [i.e., notice of right to inspect the vehicle for damage], the rental company shall obtain a second estimate **from a competing repair shop** and make a copy available to the requester.”

Rules on Form of, and Information in, Notice

Current law requires the Department of Agriculture, Trade and Consumer Protection (DATCP) to promulgate rules specifying the form of the notice required under s. 344.576 (3) (a), Stats., including the size of the paper and the type size and any highlighting of the information described in sub. (3) (a) of that statute. The rule may specify additional information that must be included in the notice and the precise language to be used.

The **bill** revises this provision to **delete the first sentence** in the paragraph above. Under the bill, the provision will specify that DATCP must promulgate rules that specify **any additional information** that must be included in the notice in a clear and conspicuous manner that is reasonably designed to be noticed and readily understood by the consumer, and the precise language that must be used.

The **amendment** deletes the language in the bill and revises the language in current law to provide that DATCP must promulgate rules specifying the form of the notice required under sub. (3) (a),

including the type size and any highlighting of the information prescribed in sub. (3) (a) **and, in the case of a separate form, the size of the paper.**

Use of Credit Card as Deposit

Current law prohibits a rental company from using **credit available** pursuant to a **credit card** belonging to a renter as a deposit **for damages** for which the renter may be held liable under s. 344.574 (2) (a), Stats., or for any other charges, except for rental fees under s. 344.578 (2), Stats.

The **bill** changes this to **permit** a rental company, if authorized by the renter, **to use credit available** pursuant to a **credit card** as a deposit for damages for which the renter may be held liable under s. 344.574 (2) (a), as revised by the bill, or for any other charges **provided in the rental agreement.**

The **amendment** provides that, except as provided in this provision (s. 344.578 (1), as revised in the bill) or in s. 344.578 (2), a rental company **may not use** credit available pursuant to a credit card belonging to a renter as a deposit for damages for which the renter may be held liable **under the rental agreement or** under s. 344.574 (2) (a) or for any other charges. If a rented private passenger vehicle is damaged **or if the renter owes any other charges provided for in the rental agreement**, the rental company may use credit available pursuant to a credit card belonging to the renter as payment for the damages for which the renter is liable under s. 344.574 (2) (a) **or for any other charges provided for in the rental agreement** only if the rental company obtains the renter's authorization to use that credit and the authorization is obtained after the total amount of the renter's liability **or other charges** is determined and before the rental company processes the credit. [Note: Provisions in bold are those added by the amendment to current law.]

Legislative History

On March 1, 2006, the Assembly Committee on Highway Safety, in executive session, voted to adopt Assembly Amendment 1 on a vote of Ayes, 8; Noes, 0. The committee then voted to recommend passage of the bill, as amended, on a vote of Ayes, 7; Noes, 1.

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