

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1142
Economic Matters

(Delegate Fraser-Hidalgo)

Finance

Commercial Law - Rental Motor Vehicles - Collision Damage Waivers

This bill authorizes the lessor of a Class E (truck) rental motor vehicle (*e.g.*, pick-up trucks, dump trucks, tow trucks) to offer the lessee (the person renting a vehicle) a collision damage waiver if the truck being rented is used primarily for personal, household, family, or agricultural purposes and does not exceed a three-quarter ton capacity or 7,000 pounds gross vehicle weight. The waiver must meet all requirements for collision damage waivers for rental vehicles under current law, including being in the form developed by the Consumer Protection Division of the Office of the Attorney General (OAG).

Fiscal Summary

State Effect: The bill's imposition of existing penalty provisions does not have a material impact on State finances or operations. The Consumer Protection Division is not materially affected.

Local Effect: The bill's imposition of existing penalty provisions does not have a material impact on local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background:

Collision Damage Waivers for Rental Vehicles

The Consumer Protection Division of OAG must develop a form for collision damage waivers for use by (1) peer-to-peer car sharing programs and (2) any person in the business of providing rental motor vehicles to the public. A collision damage waiver allows the lessor of a rental motor vehicle to, for a charge, waive all or part of any claims against the lessee (the person renting a vehicle) for damages to the vehicle while the vehicle is rented. The collision damage waiver form must meet specified requirements, such as being at least as large as 10 point type, and must include specified information, including a statement informing the lessee that the purchase of the waiver is optional. A lessor may only include a collision damage waiver in a rental motor vehicle agreement if it is in the form developed and provided by the division.

A failure by a lessor to comply with these requirements for collision damage waivers is an unfair or deceptive trade practice under the Maryland Consumer Protection Act (MCPA).

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Small Business Effect: A small business that rents Class E (truck) vehicles to consumers may experience increased business and revenues from the sale of collision damage waivers under the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Maryland Department of Transportation; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2020
mr/jc Third Reader - March 14, 2020

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