

SENATE BILL NO. 234—COMMITTEE ON TAXATION

MARCH 13, 2009

Referred to Committee on Taxation

SUMMARY—Makes various changes concerning the short-term leasing of passenger cars. (BDR 43-33)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to motor vehicles; revising certain provisions governing the fees charged by a short-term lessor of passenger cars; increasing the governmental services fee on short-term leases of passenger cars; revising the definition of “uninsured motor vehicle” to include a leased passenger car under certain circumstances; making various changes concerning the disclosure of certain information relating to the short-term lease of a passenger car; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, a short-term lessor of passenger cars is required to collect
2 from its customers a governmental services fee of 6 percent and a recovery
3 surcharge fee of 4 percent of the adjusted total cost of leasing the car. The lessor is
4 allowed to retain a portion of the money from the recovery surcharge fee as
5 reimbursement of its costs to license and register its vehicles, and is required to
6 remit the remaining amount of that fee, and the full amount of the 6 percent
7 governmental services fee, to the State. (NRS 482.313) **Section 6** of this bill
8 increases the amount of the governmental services fee from 6 to 10 percent and
9 eliminates the 4 percent recovery surcharge fee. In place of that fee, **section 8** of
10 this bill authorizes a short-term lessor to impose an additional charge on each lease
11 to allow the lessor to recover the full amount of its vehicle licensing costs. **Section**
12 **8** also authorizes a short-term lessor to impose additional charges to recover other
13 costs that the lessor incurs as a condition of doing business, such as concession fees
14 that the lessor must pay to an airport or other facility for the privilege of operating
15 at the facility, and to recover the amount of any fees that the lessor pays on behalf
16 of the short-term lessee. **Section 8** also requires that the short-term lessor must
17 separately identify and clearly disclose the amount of each additional charge in the



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18 quotation or other statement of estimated charges for the lease of the car and in the
19 lease agreement. (NRS 482.3158)

20 Existing law provides that, with certain exceptions, no policy of motor vehicle
21 liability insurance may be delivered or issued for delivery in this State unless it
22 provides uninsured vehicle coverage to the persons insured under the policy. (NRS
23 690B.020) **Section 9** of this bill amends the definition of "uninsured motor vehicle"
24 to include a leased passenger car for which the short-term lessor has provided
25 liability coverage up to the statutory minimum amounts, but which is operated by a
26 short-term lessee who does not have liability coverage in at least the statutory
27 minimum statutory amounts.

28 **Section 10** of this bill repeals a provision of existing law that requires a short-
29 term lessor to: (1) advertise, quote and charge a rate for leasing a passenger car that,
30 with certain exceptions, includes the entire amount that a short-term lessee must
31 pay to lease the car; and (2) clearly disclose in the advertisement or quotation the
32 terms of any mileage conditions relating to the advertised or quoted rate.
33 (NRS 482.31575)

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 482 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2.** *"Vehicle licensing costs" means:*

4 *1. The fees paid by a short-term lessor for the registration of,*
5 *and the issuance of certificates of title for, the passenger cars*
6 *leased by him, including, without limitation, fees for license plates*
7 *and license plate decals, stickers and tabs, and inspection fees;*
8 *and*

9 *2. The basic and supplemental governmental services taxes*
10 *paid by the short-term lessor with regard to those passenger cars.*

11 **Sec. 3.** *1. A short-term lessor that wishes to impose an*
12 *additional charge pursuant to NRS 482.3158 to recover its vehicle*
13 *licensing costs must, not less than annually, make good faith*
14 *estimates of:*

15 *(a) Its vehicle licensing costs for the calendar year; and*

16 *(b) The charge that must be imposed in each lease to recover*
17 *those costs.*

18 *2. If the amount of money collected by a short-term lessor for*
19 *the recovery of its vehicle licensing costs during a calendar year is*
20 *different from the amount of those costs for that year, the short-*
21 *term lessor shall:*

22 *(a) Retain the amount collected; and*

23 *(b) Adjust its estimate of its vehicle licensing costs and the*
24 *charge that must be imposed on each lease to recover those costs*
25 *for the immediately following calendar year by the amount of the*
26 *difference.*



3. This section does not prevent a short-term lessor from making adjustments in the amount of its charge to recover its vehicle licensing costs during the calendar year.

4. A short-term lessor shall annually report to the Department of Taxation:

(a) The amount of the short-term lessor's vehicle licensing costs for the immediately preceding calendar year; and

(b) The amount of money collected by the short-term lessor for the recovery of its vehicle licensing costs for the immediately preceding calendar year.

Sec. 4. (Deleted by amendment.)

Sec. 5. (Deleted by amendment.)

Sec. 6. NRS 482.313 is hereby amended to read as follows:

482.313 1. Upon the lease of a passenger car by a short-term lessor in this State, the short-term lessor shall charge and collect from the short-term lessee:

(a) A governmental services fee of ~~6~~ 10 percent of the total amount for which the passenger car was leased, excluding the items described in subsection 7; and

(b) Any fee required pursuant to NRS 244A.810 or 244A.860 .
~~}; and~~

~~—(c) A recovery surcharge fee of 4 percent of the total amount for which the passenger car was leased, excluding the items described in subsection 8, as reimbursement for vehicle licensing fees and taxes paid by the short-term lessor.}~~

➤ The amount of each fee charged pursuant to this subsection must be indicated in the lease agreement.

2. The fees due from a short-term lessor to the Department of Taxation pursuant to subsection 1 are due on the last day of each calendar quarter. On or before the last day of the month following each calendar quarter, the short-term lessor shall:

(a) File with the Department of Taxation, on a form prescribed by the Department of Taxation, a report indicating the total amount of ~~};~~

~~—(1) Each} each~~ of the fees collected by the short-term lessor pursuant to subsection 1 during the immediately preceding calendar quarter; and

~~{(2) Vehicle licensing fees and taxes paid by the short term lessor pursuant to this chapter during the immediately preceding calendar quarter.}~~

(b) Remit to the Department of Taxation ~~};~~

~~—(1) The} the~~ fees collected by the short-term lessor pursuant to ~~{paragraphs (a) and (b) of}~~ subsection 1 during the immediately preceding calendar quarter . ~~}; and~~



~~———— (2) One quarter of the fees collected by the short-term lessor pursuant to paragraph (c) of subsection 1 during the immediately preceding calendar quarter.]~~

3. Except as otherwise provided in a contract made pursuant to NRS 244A.820 or 244A.870, the Department of Taxation shall deposit ~~[all]~~ :

(a) All money received from short-term lessors pursuant to the provisions of ~~§~~

~~(a) Subparagraph (1) of]~~ paragraph (b) of subsection ~~[2]~~ 1 with the State Treasurer for credit to the State General Fund; ~~[and]~~

(b) ~~[Subparagraph (2) of]~~ *Nine-tenths of the money received from short-term lessors pursuant to the terms of paragraph (a) of subsection 1 with the State Treasurer for credit to the State General Fund; and*

(c) *One-tenth of the money received from short-term lessors pursuant to the terms of* paragraph ~~[(b)]~~ (a) of subsection ~~[2]~~ 1 with the State Treasurer for credit to the State Highway Fund for administration pursuant to subsection 8 of NRS 408.235.

4. To ensure compliance with this section, the Department of Taxation may audit the records of a short-term lessor.

5. The provisions of this section do not limit or affect the payment of any taxes or fees imposed pursuant to the provisions of this chapter.

6. The Department of Motor Vehicles shall, upon request, provide to the Department of Taxation any information in its records relating to a short-term lessor that the Department of Taxation considers necessary to collect the fees described in subsection 1.

7. For the purposes of charging and collecting the governmental services fee described in paragraph (a) of subsection 1, the following items must not be included in the total amount for which the passenger car was leased:

(a) The amount of ~~[the fees]~~ *any fee* charged and collected pursuant to ~~[paragraphs (b) and (c)]~~ *paragraph (b)* of subsection 1;

(b) The amount of any charge for fuel used to operate the passenger car;

(c) The amount of any fee or charge for the delivery, transportation or other handling of the passenger car;

(d) The amount of any fee or charge for insurance, including, without limitation, personal accident insurance, extended coverage or insurance coverage for personal property; and

(e) The amount of any charges assessed against a short-term lessee for damages for which the short-term lessee is held responsible.

8. ~~[For the purposes of charging and collecting the recovery surcharge fee described in paragraph (c) of subsection 1, the~~



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1 following items must not be included in the total amount for which
2 the passenger car was leased:

3 ~~—(a) The amount of the fees charged and collected pursuant to~~
4 ~~paragraphs (a) and (b) of subsection 1;~~

5 ~~—(b) The amount of any charge for a collision damage waiver or a~~
6 ~~similar instrument that acts as a waiver of the short term lessor's~~
7 ~~right to collect from the short term lessee for any damage to the~~
8 ~~passenger car;~~

9 ~~—(c) The amount of any charge for fuel used to operate the~~
10 ~~passenger car;~~

11 ~~—(d) The amount of any fee or charge for the delivery,~~
12 ~~transportation or other handling of the passenger car;~~

13 ~~—(e) The amount of any fee or charge for insurance, including,~~
14 ~~without limitation, personal accident insurance, extended coverage~~
15 ~~or insurance coverage for personal property;~~

16 ~~—(f) The amount of any charges assessed against a short term~~
17 ~~lessee for damages for which the short term lessee is held~~
18 ~~responsible; and~~

19 ~~—(g) The amount of any concession fee or charge that the short-~~
20 ~~term lessor;~~

21 ~~—(1) Is required to pay to do business at an airport, if~~
22 ~~applicable; and~~

23 ~~—(2) Passes on to the short term lessee of the passenger car.~~

24 ~~—9.]~~ The Executive Director of the Department of Taxation
25 shall:

26 (a) Adopt such regulations as he determines are necessary to
27 carry out the provisions of this section; and

28 (b) Upon the request of the Director of the Department of Motor
29 Vehicles, provide to the Director of the Department of Motor
30 Vehicles a copy of any record or report described in this section.

31 ~~[10.—As used in this section, "vehicle licensing fees and taxes"~~
32 ~~means:~~

33 ~~—(a) The fees paid by a short term lessor for the registration of,~~
34 ~~and the issuance of certificates of title for, the passenger cars leased~~
35 ~~by him; and~~

36 ~~—(b) The basic and supplemental governmental services taxes~~
37 ~~paid by the short term lessor with regard to those passenger cars.]~~

38 **Sec. 7.** NRS 482.3151 is hereby amended to read as follows:

39 482.3151 As used in NRS 482.3151 to 482.3159, inclusive,
40 *and sections 2 and 3 of this act*, unless the context otherwise
41 requires, the words and terms defined in NRS 482.31515 to
42 482.3153, inclusive, *and section 2 of this act* have the meanings
43 ascribed to them in those sections.



Sec. 8. NRS 482.3158 is hereby amended to read as follows:

482.3158 1. The short-term lessor of a passenger car may impose an additional charge:

(a) Based on reasonable age criteria established by the lessor.

(b) For any item or a service provided if the short-term lessee could have avoided incurring the charge by choosing not to obtain or utilize the optional item or service.

(c) For insurance and accessories requested by the lessee.

(d) For service incident to the lessee's optional return of the *passenger* car to a location other than the location where the *passenger* car was leased.

(e) For refueling the *passenger* car at the conclusion of the lease if the lessee did not return the *passenger* car with as much fuel as was in the fuel tank at the beginning of the lease.

(f) For any authorized driver in addition to the short-term lessee but shall not, except as otherwise provided in this paragraph, charge more than \$10 per full or partial 24-hour period for such an additional authorized driver. The monetary amount set forth in this paragraph must be adjusted for each fiscal year that begins on or after July 1, 2008, by adding to that amount the product of that amount multiplied by the percentage increase in the Consumer Price Index West Urban for All Urban Consumers (All Items) between the calendar year ending on December 31, 2005, and the calendar year immediately preceding the fiscal year for which the adjustment is made. The Department shall, on or before March 1 of each year, publish the adjusted amount for the next fiscal year on its website or otherwise make that information available to short-term lessors.

(g) To recover costs incurred by the short-term lessor as a condition of doing business, including, without limitation:

(1) The short-term lessor's vehicle licensing costs; and

(2) Concession, access and other fees imposed on the short-term lessor by an airport or other facility for the privilege of operating at the facility.

(h) To recover any fees paid by the short-term lessor on behalf of the short-term lessee, including, without limitation, a customer facility charge imposed on the short-term lessee by an airport or other facility for the privilege of using the facility.

2. *The short-term lessor of a passenger car that wishes to impose an additional charge pursuant to this section must separately identify and clearly disclose the amount of the charge in the quotation or other statement of estimated charges for the lease of the passenger car and in the lease agreement. The short-term lessor shall not collect from a short-term lessee the amount of any additional charge that the lessor has failed to identify and disclose as required pursuant to this section.*



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1 **3.** A short-term lessor shall not charge a short-term lessee, as a
2 condition of leasing a passenger car, an additional fee for:

3 (a) Any surcharges required for fuel.

4 (b) Transporting the lessee to the location where the *passenger*
5 car will be delivered to the lessee.

6 ~~3-~~ **4.** If a short-term lessor:

7 (a) Delivers a passenger car to a short-term lessee at a location
8 other than the location where the lessor normally carries on its
9 business, the lessor shall not charge the lessee any amount for the
10 period before the delivery of the *passenger* car.

11 (b) Takes possession of a passenger car from a short-term lessee
12 at a location other than the location where the lessor normally
13 carries on its business, the lessor shall not charge the lessee any
14 amount for the period after the lessee notifies the lessor to take
15 possession of the *passenger* car.

16 **Sec. 9.** NRS 690B.020 is hereby amended to read as follows:

17 690B.020 1. Except as otherwise provided in this section and
18 NRS 690B.035, no policy insuring against liability arising out of the
19 ownership, maintenance or use of any motor vehicle may be
20 delivered or issued for delivery in this State unless coverage is
21 provided therein or supplemental thereto for the protection of
22 persons insured thereunder who are legally entitled to recover
23 damages, from owners or operators of uninsured or hit-and-run
24 motor vehicles, for bodily injury, sickness or disease, including
25 death, resulting from the ownership, maintenance or use of the
26 uninsured or hit-and-run motor vehicle. No such coverage is
27 required in or supplemental to a policy issued to the State of Nevada
28 or any political subdivision thereof, or where rejected in writing, on
29 a form furnished by the insurer describing the coverage being
30 rejected, by an insured named therein, or upon any renewal of such
31 a policy unless the coverage is then requested in writing by the
32 named insured. The coverage required in this section may be
33 referred to as "uninsured vehicle coverage."

34 2. The amount of coverage to be provided must be not less than
35 the minimum limits for liability insurance for bodily injury provided
36 for under chapter 485 of NRS, but may be in an amount not to
37 exceed the coverage for bodily injury purchased by the
38 policyholder.

39 3. For the purposes of this section, the term "uninsured motor
40 vehicle" means a motor vehicle:

41 (a) With respect to which there is not available at the
42 Department of Motor Vehicles evidence of financial responsibility
43 as required by chapter 485 of NRS;

44 (b) With respect to the ownership, maintenance or use of which
45 there is no liability insurance for bodily injury or bond applicable at



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1 the time of the accident ~~§~~ or, to the extent of such deficiency, any
2 liability insurance for bodily injury or bond in force is less than the
3 amount required by NRS 485.210;

4 (c) With respect to the ownership, maintenance or use of which
5 the company writing any applicable liability insurance for bodily
6 injury or bond denies coverage or is insolvent;

7 (d) Used without the permission of its owner if there is no
8 liability insurance for bodily injury or bond applicable to the
9 operator;

10 (e) Used with the permission of its owner who has insurance
11 which does not provide coverage for the operation of the motor
12 vehicle by any person other than the owner if there is no liability
13 insurance for bodily injury or bond applicable to the operator; ~~or~~

14 (f) The owner or operator of which is unknown or after
15 reasonable diligence cannot be found if:

16 (1) The bodily injury or death has resulted from physical
17 contact of the automobile with the named insured or the person
18 claiming under him or with an automobile which the named insured
19 or such a person is occupying; and

20 (2) The named insured or someone on his behalf has reported
21 the accident within the time required by NRS 484.223, 484.225 or
22 484.227 to the police department of the city where it occurred ~~§~~ or,
23 if it occurred in an unincorporated area, to the sheriff of the county
24 or to the Nevada Highway Patrol ~~§~~; or

25 (g) *Used by a short-term lessee if:*

26 (1) *The short-term lessor has satisfied the requirements of*
27 *NRS 482.295 and subsection 1 of 482.305; and*

28 (2) *The short-term lessee is not insured or otherwise*
29 *covered by a policy of insurance against liability for damages*
30 *caused by negligence in the operation of the vehicle in amounts*
31 *that are not less than the amounts required pursuant to*
32 *NRS 485.185.*

33 4. For the purposes of this section, the term "uninsured motor
34 vehicle" also includes, subject to the terms and conditions of
35 coverage, an insured other motor vehicle where:

36 (a) The liability insurer of the other motor vehicle is unable
37 because of its insolvency to make payment with respect to the legal
38 liability of its insured within the limits specified in its policy;

39 (b) The occurrence out of which legal liability arose took place
40 while the uninsured vehicle coverage required under paragraph (a)
41 was in effect; and

42 (c) The insolvency of the liability insurer of the other motor
43 vehicle existed at the time of, or within 2 years after, the occurrence.



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1 ↪ Nothing contained in this subsection prevents any insurer from
2 providing protection from insolvency to its insureds under more
3 favorable terms.

4 5. If payment is made to any person under uninsured vehicle
5 coverage, and subject to the terms of the coverage, to the extent of
6 such payment the insurer is entitled to the proceeds of any
7 settlement or recovery from any person legally responsible for the
8 bodily injury as to which payment was made, and to amounts
9 recoverable from the assets of the insolvent insurer of the other
10 motor vehicle.

11 6. A vehicle involved in a collision which results in bodily
12 injury or death shall be presumed to be an uninsured motor vehicle
13 if no evidence of financial responsibility is supplied to the
14 Department of Motor Vehicles in the manner required by chapter
15 485 of NRS within 60 days after the collision occurs.

16 **Sec. 10.** NRS 482.31575 is hereby repealed.

TEXT OF REPEALED SECTION

482.31575 Advertisement of lease: Disclosure of certain information required.

1. A short-term lessor shall advertise, quote and charge a rate for leasing a passenger car that includes the entire amount except the taxes, any fees paid to airports and any charges for mileage, that a short-term lessee must pay to lease the car for the period to which the rate applies.

2. If a short-term lessor states a rate for lease of a passenger car in a printed advertisement or in a quotation transmitted by computer or telephone or in person, the lessor shall clearly disclose in the advertisement or quotation the terms of any mileage conditions relating to the advertised or quoted rate, including, but not limited to, the amount of mileage and gas charges, the number of miles for which no charges will be imposed and a description of geographic driving limitations.

