

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Automobile Renting Occupation and Use Tax
5 Act is amended by changing Section 2 and adding Section 6 as
6 follows:

7 (35 ILCS 155/2) (from Ch. 120, par. 1702)

8 Sec. 2. Definitions. "Renting" means any transfer of the
9 possession or right to possession of an automobile to a user
10 for a valuable consideration for a period of one year or less.

11 "Renting" does not include making a charge for the use of
12 an automobile where the rentor, either himself or through an
13 agent, furnishes a service of operating an automobile so that
14 the rentor remains in possession of the automobile, because
15 this does not constitute a transfer of possession or right to
16 possession of the automobile.

17 "Renting" does not include the making of a charge by an
18 automobile dealer for the use of an automobile as a
19 demonstrator in connection with the dealer's business of
20 selling, where the charge is merely made to recover the costs
21 of operating the automobile as a demonstrator and is not
22 intended as a rental or leasing charge in the ordinary sense.

23 "Renting" does not include peer-to-peer car sharing, as

1 defined in Section 5 of the Car-Sharing Program Act, if tax due
2 on the automobile under the Retailers' Occupation Tax Act or
3 Use Tax Act was paid upon the purchase of the automobile or
4 when the automobile was brought into Illinois. The car-sharing
5 program shall ask a shared vehicle owner if the shared vehicle
6 owner paid applicable taxes at the time of purchase.
7 Notwithstanding any law to the contrary, the car-sharing
8 program shall have the right to rely on the shared vehicle
9 owner's response and to be held legally harmless for such
10 reliance.

11 "Automobile" means (1) any motor vehicle of the first
12 division, or (2) a motor vehicle of the second division which:
13 (A) is a self-contained motor vehicle designed or permanently
14 converted to provide living quarters for recreational, camping
15 or travel use, with direct walk through access to the living
16 quarters from the driver's seat; (B) is of the van
17 configuration designed for the transportation of not less than
18 7 nor more than 16 passengers, as defined in Section 1-146 of
19 the Illinois Vehicle Code; or (C) has a Gross Vehicle Weight
20 Rating, as defined in Section 1-124.5 of the Illinois Vehicle
21 Code, of 8,000 pounds or less.

22 "Department" means the Department of Revenue.

23 "Person" means any natural individual, firm, partnership,
24 association, joint stock company, joint adventure, public or
25 private corporation, limited liability company, or a receiver,
26 executor, trustee, conservator or other representative

1 appointed by order of any court.

2 "Rentor" means any person, firm, corporation or
3 association engaged in the business of renting or leasing
4 automobiles to users. For this purpose, the objective of
5 making a profit is not necessary to make the renting activity a
6 business.

7 "Rentor" does not include a car-sharing program or a
8 shared-vehicle owner, as defined in Section 5 of the
9 Car-Sharing Program Act, if tax due on the automobile under
10 the Retailers' Occupation Tax Act or Use Tax Act was paid upon
11 the purchase of the automobile or when the automobile was
12 brought into Illinois. The car-sharing program shall ask a
13 shared vehicle owner if the shared vehicle owner paid
14 applicable taxes at the time of purchase. Notwithstanding any
15 law to the contrary, the car-sharing program shall have the
16 right to rely on the shared vehicle owner's response and to be
17 held legally harmless for such reliance.

18 "Rentee" means any user to whom the possession, or the
19 right to possession, of an automobile is transferred for a
20 valuable consideration for a period of one year or less,
21 whether paid for by the "rentee" or by someone else.

22 "Rentee" does not include a shared-vehicle driver, as
23 defined in Section 5 of the Car-Sharing Program Act, if tax due
24 on the automobile under the Retailers' Occupation Tax Act or
25 Use Tax Act was paid upon the purchase of the automobile or
26 when the automobile was brought into Illinois. The car-sharing

1 program shall ask a shared vehicle owner if the shared vehicle
2 owner paid applicable taxes at the time of purchase.
3 Notwithstanding any law to the contrary, the car-sharing
4 program shall have the right to rely on the shared vehicle
5 owner's response and to be held legally harmless for such
6 reliance.

7 "Gross receipts" from the renting of tangible personal
8 property or "rent" means the total rental price or leasing
9 price. In the case of rental transactions in which the
10 consideration is paid to the rentor on an installment basis,
11 the amounts of such payments shall be included by the rentor in
12 gross receipts or rent only as and when payments are received
13 by the rentor.

14 "Gross receipts" does not include receipts received by an
15 automobile dealer from a manufacturer or service contract
16 provider for the use of an automobile by a person while that
17 person's automobile is being repaired by that automobile
18 dealer and the repair is made pursuant to a manufacturer's
19 warranty or a service contract where a manufacturer or service
20 contract provider reimburses that automobile dealer pursuant
21 to a manufacturer's warranty or a service contract and the
22 reimbursement is merely made to recover the costs of operating
23 the automobile as a loaner vehicle.

24 "Rental price" means the consideration for renting or
25 leasing an automobile valued in money, whether received in
26 money or otherwise, including cash credits, property and

1 services, and shall be determined without any deduction on
2 account of the cost of the property rented, the cost of
3 materials used, labor or service cost, or any other expense
4 whatsoever, but does not include charges that are added by a
5 rentor on account of the rentor's tax liability under this Act
6 or on account of the rentor's duty to collect, from the rentee,
7 the tax that is imposed by Section 4 of this Act. The phrase
8 "rental price" does not include compensation paid to a rentor
9 by a rentee in consideration of the waiver by the rentor of any
10 right of action or claim against the rentee for loss or damage
11 to the automobile rented and also does not include a
12 separately stated charge for insurance or recovery of
13 refueling costs or other separately stated charges that are
14 not for the use of tangible personal property.

15 "Rental price" does not include consideration paid for
16 peer-to-peer car sharing to a shared-vehicle owner or a
17 car-sharing program, as those terms are defined in Section 5
18 of the Car-Sharing Program Act, if tax due on the automobile
19 under the Retailers' Occupation Tax Act or Use Tax Act was paid
20 upon the purchase of the automobile or when the automobile was
21 brought into Illinois. The car-sharing program shall ask a
22 shared vehicle owner if the shared vehicle owner paid
23 applicable taxes at the time of purchase. Notwithstanding any
24 law to the contrary, the car-sharing program shall have the
25 right to rely on the shared vehicle owner's response and to be
26 held legally harmless for such reliance.

1 (Source: P.A. 98-574, eff. 1-1-14.)

2 (35 ILCS 155/6 new)

3 Sec. 6. Applicability. The taxes imposed by Sections 3 and
4 4 of this Act do not apply to any amounts paid or received for
5 peer-to-peer car sharing, as defined in Section 5 of the
6 Car-Sharing Program Act, or the privilege of sharing a shared
7 vehicle through a car-sharing program, as defined in Section 5
8 of the Car-Sharing Program Act, if the shared vehicle owner
9 paid applicable taxes upon the purchase of the automobile.

10 As used in this Section, "applicable taxes" means, with
11 respect to vehicles purchased in Illinois, the retailers'
12 occupation tax levied under the Retailers' Occupation Tax Act
13 or the use tax levied under the Use Tax Act. "Applicable
14 taxes", with respect to vehicles not purchased in Illinois,
15 refers to the sales, use, excise, or other generally
16 applicable tax that is due upon the purchase of a vehicle in
17 the jurisdiction in which the vehicle was purchased.

18 Notwithstanding any law to the contrary, the car-sharing
19 program shall have the right to rely on the shared vehicle
20 owner's response and to be held legally harmless for such
21 reliance.

22 Section 10. The Illinois Vehicle Code is amended by
23 changing Section 6-305.2 as follows:

1 (625 ILCS 5/6-305.2)

2 Sec. 6-305.2. Limited liability for damage.

3 (a) Damage to private passenger vehicle. A person who
4 rents a motor vehicle to another may hold the renter liable ~~to~~
5 ~~the extent permitted under subsections (b) through (d)~~ for
6 physical or mechanical damage to the rented motor vehicle that
7 occurs during the time the motor vehicle is under the rental
8 agreement.

9 (b) Limits on liability due to theft for a ÷ vehicle having
10 an MSRP of \$50,000 or less. The total liability of a renter who
11 rents from another a motor vehicle that has an MSRP of \$50,000
12 or less and that is stolen shall be the actual and reasonable
13 costs incurred by the loss due to theft of the rental motor
14 vehicle up to \$5,000; provided, however, that if it is
15 established that the renter or authorized driver failed to
16 exercise ordinary care while in possession of the vehicle or
17 that the renter or authorized driver committed or aided and
18 abetted the commission of a theft, then the damages shall be
19 the actual and reasonable costs of the rental vehicle up to its
20 fair market value, as determined by the customary market for
21 the sale of the vehicle. ~~renter under subsection (a) for~~
22 ~~damage to a motor vehicle with a Manufacturer's Suggested~~
23 ~~Retail Price (MSRP) of \$50,000 or less may not exceed all of~~
24 ~~the following:~~

25 ~~(1) The lesser of:~~

26 ~~(A) Actual and reasonable costs that the person~~

1 ~~who rents a motor vehicle to another incurred to~~
2 ~~repair the motor vehicle or that the rental company~~
3 ~~would have incurred if the motor vehicle had been~~
4 ~~repaired, which shall reflect any discounts, price~~
5 ~~reductions, or adjustments available to the rental~~
6 ~~company; or~~

7 ~~(B) The fair market value of that motor vehicle~~
8 ~~immediately before the damage occurred, as determined~~
9 ~~in the customary market for the retail sale of that~~
10 ~~motor vehicle; and~~

11 ~~(2) Actual and reasonable costs incurred by the loss~~
12 ~~due to theft of the rental motor vehicle up to \$2,000;~~
13 ~~provided, however, that if it is established that the~~
14 ~~renter or an authorized driver failed to exercise ordinary~~
15 ~~care while in possession of the vehicle or that the renter~~
16 ~~or an authorized driver committed or aided and abetted the~~
17 ~~commission of the theft, then the damages shall be the~~
18 ~~actual and reasonable costs of the rental vehicle up to~~
19 ~~its fair market value, as determined by the customary~~
20 ~~market for the sale of that vehicle.~~

21 ~~For purposes of this subsection (b), for the period prior~~
22 ~~to June 1, 1998, the maximum amount that may be recovered from~~
23 ~~an authorized driver shall not exceed \$6,000; for the period~~
24 ~~beginning June 1, 1998 through May 31, 1999, the maximum~~
25 ~~recovery shall not exceed \$7,500; and for the period beginning~~
26 ~~June 1, 1999 through May 31, 2000, the maximum recovery shall~~

1 ~~not exceed \$9,000.~~ Beginning June 1, 2000, and annually each
2 June 1 thereafter, the maximum amount that may be recovered
3 from an authorized driver under this subsection (b) shall be
4 increased by \$500 above the maximum recovery allowed
5 immediately prior to June 1 of that year.

6 (b-5) Limits on liability due to theft for a + vehicle
7 having an MSRP of more than \$50,000. The total liability of a
8 renter who rents from another a motor vehicle that has an MSRP
9 of more than \$50,000 and that is stolen shall be the actual and
10 reasonable cost incurred by the loss due to theft of the rental
11 motor vehicle up to \$40,000; provided, however that if it is
12 established that the renter or authorized driver failed to
13 exercise ordinary care while in possession of the vehicle or
14 that the renter or authorized driver committed or aided and
15 abetted the commission of a theft, then the damages shall be
16 the actual and reasonable costs of the rental vehicle up to its
17 fair market value, as determined by the customary market for
18 the sale of the vehicle. ~~renter under subsection (a) for~~
19 ~~damage to a motor vehicle with a Manufacturer's Suggested~~
20 ~~Retail Price (MSRP) of more than \$50,000 may not exceed all of~~
21 ~~the following:~~

22 ~~(1) the lesser of:~~

23 ~~(A) actual and reasonable costs that the person~~
24 ~~who rents a motor vehicle to another incurred to~~
25 ~~repair the motor vehicle or that the rental company~~
26 ~~would have incurred if the motor vehicle had been~~

1 ~~repaired, which shall reflect any discounts, price~~
2 ~~reductions, or adjustments available to the rental~~
3 ~~company; or~~

4 ~~(B) the fair market value of that motor vehicle~~
5 ~~immediately before the damage occurred, as determined~~
6 ~~in the customary market for the retail sale of that~~
7 ~~motor vehicle; and~~

8 ~~(2) the actual and reasonable costs incurred by the~~
9 ~~loss due to theft of the rental motor vehicle up to~~
10 ~~\$40,000.~~

11 The maximum recovery for a motor vehicle with a
12 Manufacturer's Suggested Retail Price (MSRP) of more than
13 \$50,000 under this subsection (b-5) shall not exceed \$40,000
14 on the effective date of this amendatory Act of the 99th
15 General Assembly. On October 1, 2016, and for the next 3 years
16 thereafter, the maximum amount that may be recovered from an
17 authorized driver under this subsection (b-5) shall be
18 increased by \$2,500 above the prior year's maximum recovery.
19 On October 1, 2020, and for each year thereafter, the maximum
20 amount that may be recovered from an authorized driver under
21 this subsection (b-5) shall be increased by \$1,000 above the
22 prior year's maximum recovery.

23 (b-10) Beginning on the effective date of this amendatory
24 Act of the 103rd General Assembly and for 6 months after, a
25 person who rents a motor vehicle to another shall provide
26 notice to the renter of the motor vehicle of the changes

1 reflected in this amendatory Act of the 103rd General
2 Assembly. The notice shall be posted in a conspicuous and
3 unobscured place that is separate and apart from any other
4 information.

5 (c) Multiple recoveries prohibited. Any person who rents a
6 motor vehicle to another may not hold the renter liable for any
7 amounts that the rental company recovers from any other party.

8 (d) Repair estimates. A person who rents a motor vehicle
9 to another may not collect or attempt to collect the amount
10 described in subsection (b) or (b-5) unless the rental company
11 obtains an estimate from a repair company or an appraiser in
12 the business of providing such appraisals on the costs of
13 repairing the motor vehicle, makes a copy of the estimate
14 available upon request to the renter who may be liable under
15 subsection (a), or the insurer of the renter, and submits a
16 copy of the estimate with any claim to collect the amount
17 described in subsection (b) or (b-5). In order to collect the
18 amount described in subsection (b-5), a person renting a motor
19 vehicle to another must also provide the renter's personal
20 insurance company with reasonable notice and an opportunity to
21 inspect damages.

22 (d-5) In the event of loss due to theft of the rental motor
23 vehicle with a MSRP more than \$50,000, the rental company
24 shall provide reasonable notice of the theft to the renter's
25 personal insurance company.

26 (e) Duty to mitigate. A claim against a renter resulting

1 from damage or loss to a rental vehicle must be reasonably and
2 rationally related to the actual loss incurred. A rental
3 company shall mitigate damages where possible and shall not
4 assert or collect any claim for physical damage which exceeds
5 the actual costs of the repair, including all discounts or
6 price reductions.

7 (f) No rental company shall require a deposit or an
8 advance charge against the credit card of a renter, in any
9 form, for damages to a vehicle which is in the renter's
10 possession, custody, or control. No rental company shall
11 require any payment for damage to the rental vehicle, upon the
12 renter's return of the vehicle in a damaged condition, until
13 after the cost of the damage to the vehicle and liability
14 therefor is agreed to between the rental company and renter or
15 is determined pursuant to law.

16 (g) If insurance coverage exists under the renter's
17 personal insurance policy and the coverage is confirmed during
18 regular business hours, the renter may require that the rental
19 company must submit any claims to the renter's personal
20 insurance carrier as the renter's agent. The rental company
21 shall not make any written or oral representations that it
22 will not present claims or negotiate with the renter's
23 insurance carrier. For purposes of this Section, confirmation
24 of coverage includes telephone confirmation from insurance
25 company representatives during regular business hours. After
26 confirmation of coverage, the amount of claim shall be

1 resolved between the insurance carrier and the rental company.

2 (Source: P.A. 99-201, eff. 10-1-15.)

3 Section 99. Effective date. This Act takes upon becoming

4 law, except that Section 10 takes effect on January 1, 2024.