

AN ACT concerning transportation.

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

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

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

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

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

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

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

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

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

"Department" means the Department of Revenue.

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

appointed by order of any court.

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

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

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

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

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

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

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

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

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

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

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

(35 ILCS 155/6 new)

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

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

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

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

(625 ILCS 5/6-305.2)

Sec. 6-305.2. Limited liability for damage.

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

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

~~(1) The lesser of:~~

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

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

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

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

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

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

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

~~(1) the lesser of:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Public Act 103-0520

HB1497 Enrolled

LRB103 04797 HEP 49807 b

resolved between the insurance carrier and the rental company.

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

Section 99. Effective date. This Act takes upon becoming law, except that Section 10 takes effect on January 1, 2024.