

106TH CONGRESS  
1ST SESSION

# S. 1130

To amend title 49, United States Code, with respect to liability of motor vehicle rental or leasing companies for the negligent operation of rented or leased motor vehicles.

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## IN THE SENATE OF THE UNITED STATES

MAY 26, 1999

Mr. MCCAIN (for himself, Mr. ASHCROFT, Mr. BOND, Mr. BURNS, Mr. GORTON, and Mr. INHOFE) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To amend title 49, United States Code, with respect to liability of motor vehicle rental or leasing companies for the negligent operation of rented or leased motor vehicles.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Motor Vehicle Rental  
5 Fairness Act of 1999”.

1 **SEC. 2. FINDING.**

2       The Congress finds that the vicarious liability laws,  
3 the ultimate insurer laws, and the common law in a small  
4 minority of States—

5           (1) impose a disproportionate and undue bur-  
6 den on interstate commerce by increasing rental  
7 rates for motor vehicle rental and leasing customers  
8 throughout the United States; and

9           (2) pose a significant competitive barrier to  
10 entry for smaller motor vehicle rental and leasing  
11 companies attempting to compete in these markets,  
12 in contravention of a fundamental principle of fairness  
13 that there should be no liability in the absence of fault.

14 **SEC. 3. LIMITATION ON LIABILITY.**

15       (a) IN GENERAL.—Part C of subtitle VI of title 49,  
16 United States Code, is amended by adding at the end  
17 thereof the following:

18       “CHAPTER 333. LIABILITY FOR COMPANIES  
19       THAT RENT OR LEASE MOTOR VEHICLES.

“Sec.  
“33301. Limitation of liability.

20 **“§ 33301. Limitation of liability**

21       “(a) IN GENERAL.—Notwithstanding any State stat-  
22 utory or common law, no State or political subdivision of  
23 a State may hold any business entity engaged in the trade  
24 or business of renting or leasing motor vehicles liable to

1 others for harm caused by a person to himself or herself,  
 2 to another person, or to property resulting from that per-  
 3 son's operation of a rented or leased motor vehicle solely  
 4 because that business entity is the owner of the motor ve-  
 5 hicle.

6 “(b) APPLICATION WITH CERTAIN OTHER LAWS.—

7 “(1) NEGLIGENCE.—Subsection (a) does not  
 8 apply to liability imposed under a State's statutory  
 9 or common law based on negligence of a motor vehi-  
 10 cle owner.

11 “(2) FINANCIAL RESPONSIBILITY LAWS.—Noth-  
 12 ing in this section supersedes the law of any State  
 13 or political subdivision thereof—

14 “(A) imposing financial responsibility or  
 15 insurance standards on the owner of a motor  
 16 vehicle for the privilege of registering and oper-  
 17 ating a motor vehicle; or

18 “(B) imposing liability on business entities  
 19 engaged in the trade or business of renting or  
 20 leasing motor vehicles for failure of such entity  
 21 to meet financial responsibility or liability in-  
 22 surance requirements under State law.

23 “(c) DEFINITIONS.—In this section:

24 “(1) BUSINESS ENTITY.—The term ‘business  
 25 entity’ means a sole proprietorship, corporation,

1 trust, limited liability company, association, firm,  
2 partnership, society, joint stock company, or other  
3 legal entity, and includes a department, agency, or  
4 instrumentality of the government of the United  
5 States, a State, or a political subdivision of a State.

6 “(2) MOTOR VEHICLE.—The term ‘motor vehi-  
7 cle’ has the meaning given that term by section  
8 13102(14).

9 “(3) OWNER.—In this section, the term  
10 “owner” means—

11 “(A) a person who is a record or beneficial  
12 owner or long-term lessee of a motor vehicle;

13 “(B) a person entitled to the use and pos-  
14 session of a motor vehicle subject to a security  
15 interest in another person;

16 “(C) a lessee or bailee of a motor vehicle  
17 in the trade or business of renting or leasing  
18 motor vehicles, having the use or possession  
19 thereof, under a lease, bailment, or otherwise.

20 “(4) PERSON.—The term ‘person’ has the  
21 meaning given to it by section 1 of title 1, but also  
22 includes a government entity.

23 “(5) GOVERNMENT ENTITY.—The term ‘gov-  
24 ernment entity’ means an agency, instrumentality,  
25 or other entity of Federal, State, or local govern-

1       ment (including multijurisdictional agencies, instru-  
 2       mentalities, and entities).”.

3       (b) CONFORMING AMENDMENT.—The analysis for  
 4       part C of subtitle VII of title 49, United States Code, is  
 5       amended by inserting after the item relating to chapter  
 6       331, the following:

“333. Liability for companies that rent or lease motor vehicles ..... 33301”.

7       **SEC. 4. EFFECTIVE DATE.**

8       Section 33301 of title 49, United States Code, as  
 9       added by section 3 of this Act, applies to any civil action  
 10      commenced on or after the date of enactment of this Act.

