

LEGISLATIVE HISTORY CHECKLIST
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"Truth in Motor Vehicles
Leasing Act"

NJSA: 56:12-50

LAWS OF: 1993 CHAPTER: 328

BILL NO: A826

SPONSOR(S) Rooney

DATE INTRODUCED: February 3, 1992

COMMITTEE: ASSEMBLY: Commerce

SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage
Third reprint enacted denoted by superscript
numbers

DATE OF PASSAGE: ASSEMBLY: June 4, 1993

SENATE: December 13, 1993

DATE OF APPROVAL: December 23, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clippings--attached.

KBG:pp

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[THIRD REPRINT]
ASSEMBLY, No. 826

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 3, 1992

By Assemblyman ROONEY

1 AN ACT establishing standards for certain motor vehicle leases.

2

3 BE IT ENACTED *by the Senate and General Assembly of the*
4 *State of New Jersey:*

5 1. This act shall be known and may be cited as the "Truth in
6 Motor Vehicles Leasing Act."

7 2. As used in this act:

8 "Dealer" means a person who, in the ordinary course of
9 business, is engaged in the leasing of motor vehicles or who in the
10 course of any 12-month period offers more than three motor
11 vehicles for lease.

12 "Director" means the Director of the Division of Consumer
13 Affairs in the Department of Law and Public Safety.

14 "Division" means the Division of Consumer Affairs in the
15 Department of Law and Public Safety.

16 "Lease" means a contract or other agreement between a lessor
17 and a lessee for the use of a motor vehicle by the lessee for a
18 period of time exceeding 60 days, whether or not the lessee has
19 the option to purchase or otherwise become the owner of the
20 motor vehicle at the expiration of the lease.

21 "Lessee" means a person who leases a motor vehicle.

22 "Lessor" means a dealer who holds title to a motor vehicle
23 leased to a lessee under a lease or who holds the lessor's rights
24 under the lease.

25 "Motor vehicle" means a passenger automobile or motorcycle
26 as defined in R.S.39:1-1 which is registered by the Division of
27 Motor Vehicles in the Department of Law and Public Safety,
28 except the living facilities of motor homes.

29 3. Every lease:

30 a. Shall be in writing and contain the entire agreement
31 between the lessor and the lessee and shall be signed by all
32 parties to the lease;

33 b. Shall state the names and addresses of all parties, and the
34 phone number of the lessor;

35 c. Shall state the dates when the lease is executed by the
36 parties;

37 d. Shall clearly and conspicuously identify the lease with the
38 term "lease";

39 e. Shall be completed in full without any blank spaces to be
40 filled in after the contract is signed by the lessee;

41 f. Shall specify the periodic basis or intervals when the lease
42 payments shall be payable;

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ACP committee amendments adopted April 6, 1992.

² Assembly floor amendments adopted May 18, 1992.

³ Senate SCM committee amendments adopted October 22, 1992.

1 g. Shall provide the following information concerning the
2 conditions of the lease:

3 (1) Whether or not the lessee has the option to purchase the
4 motor vehicle and at what price and time;

5 (2) The total amount of all payments, including any
6 nonrefundable payment such as a down payment or capitalized
7 cost reduction, required at the beginning of the lease, or a
8 statement that no payment is required at the beginning of the
9 lease;

10 (3) The number of ¹[monthly] periodic¹ payments to be paid
11 during the term of the lease and the amount of each payment;

12 (4) The amount of any liability the lease imposes upon the
13 lessee at the end of the term of the lease, including any charges
14 which may be imposed on the lessee because of excessive wear or
15 damage of the motor vehicle and any disposition fees;

16 (5) If the lessee has the option to purchase the motor vehicle,
17 the residual value of the motor vehicle at the end of the term of
18 the lease;

19 (6) The total cost of the lease, which shall be the sum of the
20 total amount of all payments required at the beginning of the
21 lease, the total amount to be paid in ¹[monthly] periodic¹
22 payments during the term of the lease, and the amount of any
23 liability the lease imposes upon the lessee at the end of the term
24 of the lease other than charges for wear or damage, and, if the
25 lessee exercises an option to purchase the motor vehicle, any
26 additional amount required to purchase the motor vehicle, less
27 the residual value of the motor vehicle at the end of the term of
28 the lease;

29 ¹(7) The formula which will be used by the lessor to calculate
30 the total cost to the lessee if the lease is terminated by the
31 lessee at any time prior to the end of the term of the lease;

32 (8) The number of miles per year which the vehicle may be
33 driven as permitted under the terms of the lease, and the charge
34 per mile for the miles driven in excess of that permissible
35 mileage;

36 (9) The liability of the lessee in the event the motor vehicle is
37 damaged, stolen or otherwise lost and the option on the part of
38 the lessee to purchase insurance to indemnify him for the
39 difference between the residual value of the motor vehicle and
40 the amount due under the terms of the lease in that event;¹ and

41 h. Shall provide the following information concerning the
42 motor vehicle to be leased:

43 (1) Whether ¹[the motor vehicle is a new, used or demonstrator
44 vehicle, and]¹ any use ¹[that]¹ has been made of the motor
45 vehicle by the lessor ¹or any other person¹;

46 (2) The odometer reading at the beginning of the lease term;

47 (3) The price of the motor vehicle, as set forth on the
48 ¹[Monrony] Monrone¹ label or as established by some other
49 recognized means, as provided by rule and regulation;

50 (4) The make, model, and year;

51 (5) The number of engine cylinders;

52 (6) Whether the transmission is automatic or manual; and

53 (7) Whether the brakes and steering mechanism are power
54 assisted or manual.

1 24. No dealer may lease a motor vehicle to a lessee unless the
2 dealer is licensed pursuant to R.S.39:10-19³, except that,
3 notwithstanding the provisions of R.S.39:10-19 or any rule or
4 regulation to the contrary, no lessor or applicant for a license to
5 lease motor vehicles pursuant thereto shall be required to
6 maintain a place of business with floor space available for the
7 servicing or display of motor vehicles, nor shall an exterior sign
8 be required at the lessor's place of business^{3,2}

9 ²[4.] 5.² It is an unlawful practice and a violation of P.L.1960,
10 c.39 (C.56:8-1 et seq.) to violate any provision of this act.

11 ²[5.] 6.² The director shall promulgate rules and regulations
12 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
13 (C.52:14B-1 et seq.) as may be needed to effectuate the purposes
14 of this act. ¹[These regulations shall include, but not be limited
15 to, the establishment of guidelines for the determination of the
16 residual value of a motor vehicle for the purposes of this act by a
17 recognized means, such as, but not limited to, the most recent
18 Eastern Edition of the N.A.D.A. Official Used Car Guide.]¹

19 ²[16.] 7.² Nothing contained in this act shall be construed to
20 preempt, deny, abrogate or impair any requirements, prohibitions,
21 rights or remedies otherwise established by law or regulation.¹

22 ¹[6.] ²[7.1] 8.² This act shall take effect ³[immediately] on the
23 180th day following enactment³.

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The "Truth in Motor Vehicles Leasing Act."

1 (2) The total amount of all payments, including any
2 nonrefundable payment such as a down payment or capitalized
3 cost reduction, required at the beginning of the lease, or a
4 statement that no payment is required at the beginning of the
5 lease;

6 (3) The number of monthly payments to be paid during the term
7 of the lease and the amount of each payment;

8 (4) The amount of any liability the lease imposes upon the
9 lessee at the end of the term of the lease, including any charges
10 which may be imposed on the lessee because of excessive wear or
11 damage of the motor vehicle and any disposition fees;

12 (5) If the lessee has the option to purchase the motor vehicle,
13 the residual value of the motor vehicle at the end of the term of
14 the lease;

15 (6) The total cost of the lease, which shall be the sum of the
16 total amount of all payments required at the beginning of the
17 lease, the total amount to be paid in monthly payments during the
18 term of the lease, and the amount of any liability the lease
19 imposes upon the lessee at the end of the term of the lease other
20 than charges for wear or damage, and, if the lessee exercises an
21 option to purchase the motor vehicle, any additional amount
22 required to purchase the motor vehicle, less the residual value of
23 the motor vehicle at the end of the term of the lease; and

24 h. Shall provide the following information concerning the
25 motor vehicle to be leased:

26 (1) Whether the motor vehicle is a new, used or demonstrator
27 vehicle, and any use that has been made of the motor vehicle by
28 the lessor;

29 (2) The odometer reading at the beginning of the lease term;

30 (3) The price of the motor vehicle, as set forth on the Monrony
31 label or as established by some other recognized means, as
32 provided by rule and regulation;

33 (4) The make, model, and year;

34 (5) The number of engine cylinders;

35 (6) Whether the transmission is automatic or manual; and

36 (7) Whether the brakes and steering mechanism are power
37 assisted or manual.

38 4. It is an unlawful practice and a violation of P.L.1960, c.39
39 (C.56:8-1 et seq.) to violate any provision of this act.

40 5. The director shall promulgate rules and regulations pursuant
41 to the "Administrative Procedure Act," P.L.1968, c.410
42 (C.52:14B-1 et seq.) as may be needed to effectuate the purposes
43 of this act. These regulations shall include, but not be limited to,
44 the establishment of guidelines for the determination of the
45 residual value of a motor vehicle for the purposes of this act by a
46 recognized means, such as, but not limited to, the most recent
47 Eastern Edition of the N.A.D.A. Official Used Car Guide.

48 6. This act shall take effect immediately.
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51 STATEMENT

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53 This bill sets standards regarding motor vehicle leases. It
54 includes requirements that each lease:

- 1 1. Be in writing and contain the entire agreement between the
- 2 lessor and the lessee;
- 3 2. Provide that lease payments be made on a monthly basis;
- 4 3. Disclose whether the lessee has the option to purchase the
- 5 motor vehicle and at what price and time;
- 6 4. Disclose the total cost of the lease, including the sum of the
- 7 amount of all payments required at the beginning of the lease,
- 8 the amount to be paid in monthly payments during the term of
- 9 the lease, and the amount of any liability the lease imposes upon
- 10 the lessee at the end of the term of the lease. If the lessee
- 11 exercises an option to purchase the motor vehicle, the disclosed
- 12 total cost of the lease must also include any additional amount
- 13 required to purchase the motor vehicle, less the anticipated fair
- 14 market value of the motor vehicle at the end of the term of the
- 15 lease; and
- 16 5. Provide information concerning the motor vehicle to be
- 17 leased, including: any previous use made of the motor vehicle; the
- 18 odometer reading at the beginning of the lease term; the
- 19 manufacturer's suggested retail price; the model, year, make,
- 20 and other features of the motor vehicle.

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The "Truth in Motor Vehicles Leasing Act."

ASSEMBLY COMMERCE AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 826

with committee amendments

STATE OF NEW JERSEY

DATED: APRIL 2, 1992

The Assembly Commerce and Regulated Professions Committee reports favorably Assembly Bill No. 826, with committee amendments.

This bill sets standards regarding motor vehicle leases. It includes requirements that each lease:

1. Be in writing and contain the entire agreement between the lessor and the lessee;
2. Specify the periodic basis or intervals when the lease payments shall be payable;
3. Disclose whether the lessee has the option to purchase the motor vehicle and at what price and time;
4. Disclose the total cost of the lease, including the sum of the amount of all payments required at the beginning of the lease, the amount to be paid in periodic payments during the term of the lease, and the amount of any liability the lease imposes upon the lessee at the end of the term of the lease. If the lessee exercises an option to purchase the motor vehicle, the disclosed total cost of the lease must also include any additional amount required to purchase the motor vehicle, less the anticipated fair market value of the motor vehicle at the end of the term of the lease; and
5. Provide information concerning the motor vehicle to be leased, including: any previous use made of the motor vehicle; the odometer reading at the beginning of the lease term; the manufacturer's suggested retail price; and the model, year, make, and other features of the motor vehicle.

The committee amendments require that every lease provide the following additional information:

1. The formula used by the lessor to calculate the total cost to the lessee if the the lessee terminates the lease at any time prior to the end of the term of the lease;
2. the number of miles per year that the leased motor vehicle may be driven and the charge per mile if the lessee exceeds that limit; and
3. The liability of the lessee if the leased motor vehicle is damaged, stolen or lost and the option of the lessee to purchase insurance to cover the difference between the residual value of the motor vehicle and the amount due under the terms of the lease.

Finally, the amendments deleted the requirement that the Director of the Division of Consumer Affairs adopt regulations specifically directed at establishing guidelines for determining the residual value of a leased motor vehicle, while preserving the duty of the director to promulgate rules and regulations as necessary to effectuate the purposes of the bill.

This bill was introduced pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 826

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 22, 1992

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 826 [2R].

This bill, as amended by the committee, sets standards regarding automobile and motorcycle leases exceeding 60 days. It includes requirements that each lease:

1. Be in writing and contain the entire agreement between the lessor and the lessee and signed by all parties to the lease;
2. Be completed in full without any blank spaces to be filled in after the contract is signed by the lessee;
3. Specify the periodic basis or intervals when the lease payments shall be payable; and
4. Disclose the following:
 - a. whether the lessee has the option to purchase the motor vehicle and at what price and time;
 - b. the total cost of the lease, including the sum of the amount of all payments required at the beginning of the lease, the amount to be paid in periodic payments during the term of the lease, and the amount of any liability the lease imposes upon the lessee at the end of the term of the lease. If the lessee exercises an option to purchase the automobile or motorcycle, the disclosed total cost of the lease must also include any additional amount required to purchase the automobile or motorcycle, less the anticipated fair market value of the automobile or motorcycle at the end of the term of the lease;
 - c. the amount of any liability the lease imposes upon the lessee at the end of the lease, including any charge which may be imposed on the lessee because of excessive wear or damage of the automobile or motorcycle and any disposition fee;
 - d. the residual value of the automobile or motorcycle at the end of the lease if the lessee has the option to purchase the vehicle;
 - e. the formula that will be used by the lessor to calculate the total cost to the lessee if the lease is terminated by the lessee at any time prior to the end of the term of the lease;
 - f. the number of miles per year that the leased automobile or motorcycle may be driven and the charge per mile if the lessee exceeds that limit;
 - g. the liability of the lessee if the leased automobile or motorcycle is damaged, stolen or lost and the option of the lessee to purchase insurance to cover the difference between the residual value of the vehicle and the amount due under the lease in that event; and

h. any previous use made of the automobile or motorcycle; the odometer reading at the beginning of the lease term; the manufacturer's suggested retail price; and the model, year, make, and certain equipment of the automobile or motorcycle.

The bill further provides that only a motor vehicle dealer licensed pursuant to R.S. 39:10-19 may lease an automobile or motorcycle in this State. The committee amended this provision to clarify that existing practices of the Division of Motor Vehicles should continue whereby a lessor or an applicant for a license to lease motor vehicles shall not be required to maintain a place of business with floor space available for the servicing or display of motor vehicles or to have an exterior sign at the lessor's place of business.

The Division of Consumer Affairs will enforce the provisions of this bill and the penalties and other sanctions of the Consumer Fraud Act will apply to any violation of the bill's provisions. The Consumer Fraud Act provides for a penalty of not more than \$7,500 for a first violation and not more than \$15,000 for a subsequent violation; injunctive relief; triple damages; and restitution.

The committee also amended the bill to make the effective date of the bill the 180th day after enactment.