

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1867 Session of
1997

INTRODUCED BY BUNT, FICHTER, ITKIN, FAIRCHILD, MANDERINO, TIGUE,
BELARDI, CORRIGAN, GANNON, RUBLEY, HALUSKA, FARGO, LAUGHLIN,
PESCI, JAROLIN, HERSHEY, WALKO, SAINATO, COY, ZIMMERMAN,
SCRIMENTI, BELFANTI, PRESTON, SAYLOR, RAMOS, YOUNGBLOOD,
WASHINGTON, DALLY, STABACK, E. Z. TAYLOR, SEMMEL, TRELLO,
CARN, WILT AND PETRARCA, OCTOBER 6, 1997

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,
OCTOBER 6, 1997

AN ACT

1 Imposing obligations on certain motor vehicle lessors regarding
2 security deposits; and providing remedies.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Automobile
7 Lease Security Deposit Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Business day." Every day other than a Saturday, a Sunday or
13 a day on which State-chartered banks in this Commonwealth are
14 required to be closed.

15 "Fleet lease." A contract or other agreement between a

1 lessor and a lessee entered into after the effective date of
2 this act and in which the vehicles are to be used primarily for
3 business or commercial purposes that is either: a written
4 agreement for the use of at least two vehicles that includes an
5 agreement for an option to use at least one additional motor
6 vehicle or a written agreement for the lease of five or more
7 vehicles.

8 "Lease." A contract or other agreement between a lessor and
9 a lessee, other than a fleet lease, entered into after the
10 effective date of this act for the use of a motor vehicle by the
11 lessee for a period of time exceeding 120 days, whether or not
12 the lessee has the option to purchase or otherwise become the
13 owner of the motor vehicle at the expiration of the lease.

14 "Leasing dealer." A person who in the ordinary course of
15 business offers or enters into motor vehicle leases or who in
16 the course of any 12-month period offers or enters into more
17 than three motor vehicle leases. The term shall not include a
18 person to whom a lease is assigned by a leasing dealer.

19 "Lessee." A person who leases a motor vehicle under a lease.

20 "Lessor." A leasing dealer who holds title to a motor
21 vehicle leased to a lessee under a lease or a leasing dealer who
22 holds the lessor's rights under the lease or a person to whom a
23 lease is assigned.

24 "Motor vehicle" or "vehicle." A motor vehicle as defined in
25 75 Pa.C.S. § 102 (relating to definitions), except the living
26 facilities of motor homes.

27 "Security deposit." A sum paid by the lessee and held by the
28 lessor for charges for excessive wear and damage to a motor
29 vehicle.

30 Section 3. Interest-bearing account.

1 A security deposit shall be placed by the lessor in an
2 interest-bearing escrow account of an institution regulated by
3 the Federal Reserve Board, the Federal Home Loan Bank Board,
4 Comptroller of the Currency or the Department of Banking.
5 Interest accruing on the account shall be the money of the
6 lessee.

7 Section 4. Obligation of lessor upon termination of lease.

8 (a) Claim for wear and damage.--Upon termination of a lease,
9 the lessor shall, within 30 business days following surrender of
10 the vehicle to the lessor, mail or deliver to the lessee an
11 itemized statement of and an invoice for amounts claimed by the
12 lessor for excessive wear and damage to the vehicle.

13 (b) Failure to submit claim.--A lessor who fails to comply
14 with subsection (a) shall forfeit all rights to withhold any
15 portion of the security deposit, including any unpaid interest,
16 and shall have no right to bring an action against the lessee
17 for excessive wear and damage to the vehicle.

18 Section 5. Failure to account.

19 (a) Liability of lessor.--If the lessor fails to pay the
20 lessee the difference between the security deposit, including
21 any unpaid interest, and the actual cost to repair the excessive
22 wear and damage to the vehicle within 30 business days following
23 surrender of the vehicle, the lessor shall be liable in a civil
24 action for double the amount by which the security deposit,
25 including any unpaid interest, exceeds the actual cost to repair
26 the excessive wear and damage as determined by the court.

27 (b) Burden of proof.--The burden of proving excessive wear
28 and damage shall be on the lessor.

29 Section 6. Waiver void.

30 An attempted waiver of this act by a lessee in a lease or

- 1 otherwise shall be void and unenforceable.
- 2 Section 7. Effective date.
- 3 This act shall take effect in 60 days.