ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1601

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 8, 2021

The Assembly Consumer Affairs Committee reports favorably and with committee amendments Assembly Bill No. 1601.

As amended and reported by the committee, this bill allows a motor vehicle lease to be terminated upon the death of the lessee and the return of the vehicle to the dealer or lessor.

The bill prohibits a dealer or lessor from imposing or assessing any fee for the early termination of a vehicle lease in the event of a lessee's death. However, the dealer or lessor would be permitted to assess a reasonable fee for a vehicle returned with excess wear, use, or mileage, if specified in the lease agreement.

The bill also prohibits a lease from requiring, in the event of a lessee's death, that the decedent's surviving spouse, family member, guardian, or estate administrator or executor: 1) purchase the leased vehicle; 2) buy out the remainder of the lease; or 3) continue to lease the vehicle under the original terms of the lease.

A surviving spouse, family member, guardian, or estate administrator or executor would need to provide a death certificate, or other satisfactory proof of the lessee's death, to the dealer or lessor within 60 days after the death of the decedent. The bill provides that it is not to be construed as applying to a surviving co-lessee who executed the motor vehicle lease agreement with the lessee.

Further, the bill requires that dealers and lessors provide information about early termination in the event of death in the lease contract or financing agreement. A dealer or lessor in violation of this requirement would be subject to a $500 penalty.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee amended the bill to:

1) clarify that a dealer or lessor may assess a reasonable fee for a motor vehicle returned with excess wear, use, or mileage if specified in the lease agreement; and

2) provide that nothing in the bill is to be construed as applying to a surviving co-lessee who executed the motor vehicle lease agreement with the lessee.