

ASSEMBLY, No. 2958

STATE OF NEW JERSEY

208th LEGISLATURE

INTRODUCED MARCH 15, 1999

Sponsored by:

Assemblyman JEFFREY W. MORAN

District 9 (Atlantic, Burlington and Ocean)

Assemblyman ANTHONY IMPREVEDUTO

District 32 (Bergen and Hudson)

SYNOPSIS

Exempts fair market value commercial leases and TRAC leases from the provisions of the "Consumer Protection Leasing Act."

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain leased motor vehicles and amending
2 P.L.1994, c.190.

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

6
7 1. Section 2 of P.L.1994, c.190 (C.56:12-61) is amended to read
8 as follows:

9 2. As used in sections 1 through 8 and sections 11 through 14 of
10 this act:

11 "Adjusted capitalized cost" means the agreed upon amount which
12 serves as the basis for determining the periodic lease payment and a
13 portion of the lessee's early termination liability, computed by
14 subtracting from the gross capitalized cost any capitalized cost
15 reduction.

16 "Business day" means every day other than a Saturday, a Sunday,
17 or a day on which State-chartered banks in New Jersey are required to
18 be closed.

19 "Capitalized cost reduction" means any payment made by cash,
20 check, rebates or similar means that are in the nature of down
21 payments made by the lessee and any net trade-in allowance granted
22 by the lessor at the inception of the lease for the purpose of reducing
23 the gross capitalized cost but does not include any periodic lease
24 payments due at the inception of the lease or all of the periodic lease
25 payments if they are paid at the inception of the lease.

26 "Director" means the Director of the Division of Consumer Affairs
27 in the Department of Law and Public Safety.

28 "Division" means the Division of Consumer Affairs in the
29 Department of Law and Public Safety.

30 "Fair market value commercial lease" means a contract or other
31 agreement between a lessor and a lessee in which the vehicle is to be
32 used primarily for business or commercial purposes and which
33 provides an option for the purchase of the vehicle by the lessee from
34 the lessor at its fair market value at the end of the lease term.

35 "Fleet lease" means a contract or other agreement between a lessor
36 and a lessee entered into after the effective date of this act and in
37 which the vehicles are to be used primarily for business or commercial
38 purposes that is either: a written agreement for the use of at least two
39 vehicles that includes an agreement for an option to use at least one
40 additional motor vehicle; or a written agreement for the lease of five
41 or more vehicles.

42 "Gross capitalized cost" means the amount, which, when reduced
43 by the amount of the capitalized cost reduction, equals the adjusted

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.

1 capitalized cost. The gross capitalized cost shall include, the cost of
2 the vehicle and, without limitation, taxes, registration, license,
3 acquisition, assignment and other fees and charges for insurance, for
4 a waiver of the contractual obligation to pay certain liability in the
5 event the motor vehicle is damaged, stolen or otherwise lost, for
6 accessories and their installation, for delivering, serving, repairing or
7 improving the motor vehicle and for other services and benefits
8 incidental to the lease. It may also include, with respect to a vehicle
9 or other property traded-in in connection with a lease, the unpaid
10 balance of any amount financed under an outstanding vehicle loan
11 agreement or vehicle retail installment contract or the unpaid portion
12 of the early termination obligation under any other obligation of the
13 lessee.

14 "Lease" means a contract or other agreement between a lessor and
15 a lessee, other than a fleet lease, a fair market value commercial lease,
16 or a TRAC lease, entered into after the effective date of this act for
17 the use of a motor vehicle by the lessee for a period of time exceeding
18 120 days, whether or not the lessee has the option to purchase or
19 otherwise become the owner of the motor vehicle at the expiration of
20 the lease. A lease shall not be deemed to be a retail installment
21 contract, as defined in subsection (b) of section 1 of P.L.1960, c.40
22 (C.17:16C-1), unless the lessee, for no or for a nominal consideration,
23 becomes the owner, or has the option of becoming the owner, of the
24 motor vehicle at the end of the term of the lease.

25 "Leasing dealer" means a person who, in the ordinary course of
26 business, offers or enters into motor vehicle leases or who in the
27 course of any 12-month period offers or enters into more than three
28 motor vehicle leases. The term "leasing dealer" shall not include a
29 person to whom a lease is assigned by a leasing dealer.

30 "Lessee" means a person who leases a motor vehicle under a lease.

31 "Lessor" means a leasing dealer who holds title to a motor vehicle
32 leased to a lessee under a lease or a leasing dealer who holds the
33 lessor's rights under the lease or a person to whom a lease is assigned.

34 "Motor vehicle" or "vehicle" means a motor vehicle as defined in
35 R.S.39:1-1, except the living facilities of motor homes.

36 "Purchase option price" means total cost to the lessee, excluding
37 sales tax, to purchase the motor vehicle at the end of the lease term.

38 "Residual value" means the projected fair market value of the motor
39 vehicle at the end of the lease term.

40 "TRAC lease" means a contract or other agreement between a
41 lessor and a lessee which contains a "terminal rental adjustment
42 clause," as that provision is defined in subsection (h) of 26 U.S.C.
43 s.7701.

44 (cf: P.L.1994, c.190, s.2)

45

46 2. This act shall take effect on the 30th following enactment.

1 STATEMENT

2
3 This bill amends New Jersey's "Consumer Leasing Protection Act"
4 which provides certain consumer protections to lessees of motor
5 vehicles. This bill provides for an exemption from that act for fair
6 market value commercial leases and for leases with TRAC clauses.
7 These are leases involving commercial vehicles and exempting these
8 types of commercial leases from the act will increase leasing
9 opportunities for New Jersey businesses, while continuing the
10 coverage of the act to other motor vehicle leases. Fleet leases are
11 currently exempt from the provisions of the act.