

**MEMORANDUM OF POINTS AND AUTHORITIES
IN SUPPORT OF THE RENTAL CAR DEFENDANTS' MOTION TO DISMISS THE
FIRST AMENDED COMPLAINT**

EXHIBITS

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Exhibit A	Letter from Robert C. Fellmeth, Esq. to The Honorable Mark Leno, dated August 23, 2006	E-1
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ASSEMBLYMAN LENO
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Center for Public Interest Law Children's Advocacy Institute Energy Policy Initiatives Center
The Honorable Mark Leno August 23, 2006
State Capitol, Room 3146
Sacramento, CA 95814

AB 2592 (OPPOSE)

Dear Assemblymember Leno,

We write to respectfully oppose AB 2592, as amended after June 8, 2006.

Current law requires rental car companies to include their charges in a properly bundled total. Those charges include the rental company's underlying rate for a given model and car - including a possible daily and mileage price, and including the airport concession fee *et al.* This last is important because it commonly adds 10% to the final price of the rental. The bundled price is the number that is advertised and included in initial contract, to allow easy comparison and healthy, fair competition.

As we read AB 2592 (as now proposed for end-of-session amendment), it allows the rental car industry to disaggregate the airport concession fee (as well as the customer facility charge) from the identified charge of the rental company. The bill does require advertising disclosure of the total amount to be charged including these charges and taxes. And it does require their itemization in the contract to the consumer. But what the bill essentially allows is an immediate rake-off of 10% in additional monies for the industry. The companies merely maintain their current price levels, but instead of including the airport concession fee in the initial charge, it is now added on at the end - on top of a charge that historically included it. The end result is going to be an industry-wide price hike of 10% - all of it new profit for the industry.

In an apparent and regrettable *quid pro quo* for this opportunity, the industry is agreeing to assess itself \$50 million per year for the Office of Tourism within the Business, Transportation and Housing Agency. The juxtaposition of an "industry referendum" to make this assessment with the disaggregation of the airport concession fee lacks both merit and subtlety.

If the Office of Tourism properly warrants \$50 million per year in general fund appropriations, or if it is appropriately special-funded from industry resources, the Legislature may accomplish this assessment without the voting consent of those assessed. If such a contribution is warranted, it should be enacted. It should not be connected to the implicit industry-wide price increases this measure would facilitate.

Very sincerely,

Robert C. Fellmeth
Price Professor of Public Interest Law

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