

Witness - Julia J. Compagna
2/20/26 EX. 3.

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 766 (Allen)
Version: April 10, 2025
Hearing Date: April 29, 2025
Fiscal: No
Urgency: No
CK

SUBJECT

California Combating Auto Retail Scams (CARS) Act

DIGEST

This bill establishes new consumer protections in connection with the vehicle buying and leasing process based off of a previous Federal Trade Commission (FTC) rule.

EXECUTIVE SUMMARY

In response to concerns about deceptive practices in the vehicle sales context, the FTC finalized the Combating Auto Retail Scams (CARS) Rule in January 2024, a robust consumer protection framework:

The primary purpose of the FTC's CARS Rule is to add truth and transparency to the car buying and leasing process by making it clear that certain deceptive or unfair practices are illegal – for example, bait-and-switch tactics, hidden charges, and other conduct that harms consumers and honest dealers. Why is it called the CARS Rule? Because the Rule is about Combating Auto Retail Scams that cost consumers billions of dollars each year and cause honest dealers to lose business.¹

The rule was subsequently vacated on procedural grounds; however, this bill seeks to implement many of the protections of the FTC CARS rule by establishing the California Combating Auto Retail Scams (CARS) Act. The bill is author-sponsored. It is supported by a large coalition of consumer groups and legal aid organizations, including Consumers for Auto Reliability and Safety and Bet Tzedek. It is opposed by vehicle

¹ *FTC CARS Rule: Combating Auto Retail Scams – A Dealers Guide* (December 2023) FTC, <https://www.ftc.gov/business-guidance/resources/ftc-cars-rule-combating-auto-retail-scams-dealers-guide#:~:text=CARS%20Rule%20does:-,The%20CARS%20Rule%20prohibits%20misrepresentations%20about%20material%20information,mater ial%E2%80%9D%20mean%20in%20this%20context?>. All internet citations are current as of April 23, 2025.

dealers and industry groups, including the California New Car Dealers Association and Carvana. The bill passed out of the Senate Transportation Committee on a 9 to 3 vote.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) No person shall act as a dealer, remanufacturer, manufacturer, or transporter, or as a manufacturer branch, remanufacturer branch, distributor, or distributor branch, without having first been issued a license as required. (Veh. Code § 11700.)
- 2) Prohibits a licensed dealer from certain practices, including making or disseminating a statement that is untrue or misleading and that is known, or that by the exercise of reasonable care should be known, to be untrue or misleading; or to so make or disseminate, or cause to be so disseminated, a statement as part of a plan or scheme with the intent not to sell a vehicle or service so advertised at the price stated therein, or as so advertised. (Veh. Code § 11713.)
- 3) Establishes the Consumer Legal Remedies Act (CLRA), which prohibits unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer. (Civ. Code § 1750 et seq.)
- 4) Provides that any consumer who suffers any damage as a result of the use or employment by any person of a method, act, or practice declared to be unlawful by Section 1770 of the Civil Code may bring an action against that person to recover or obtain any of the following:
 - a) actual damages, but in no case shall the total award of damages in a class action be less than \$1,000;
 - b) an order enjoining the methods, acts, or practices;
 - c) restitution of property;
 - d) punitive damages;
 - e) court costs and attorney's fees to a prevailing plaintiff. However, reasonable attorney's fees may be awarded to a prevailing defendant upon a finding by the court that the plaintiff's prosecution of the action was not in good faith; and
 - f) any other relief that the court deems proper. (Civ. Code § 1780(a), (e).)
- 5) Establishes the Unfair Competition Law (UCL), which provides a statutory cause of action for any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising, including over the internet. (Bus. & Prof. Code § 17200 et seq.)

- 6) Establishes the False Advertising Law (FAL), which proscribes making or disseminating any statement that is known or should be known to be untrue or misleading with intent to directly or indirectly dispose of real or personal property. (Bus. & Prof. Code § 17500 et seq.)
- 7) Provides remedies for individuals who have suffered damages as a result of fraud or deceit, including situations involving fraudulent misrepresentations. (See Civil Code §§ 1709-1710, 1572-1573.)

This bill:

- 1) Establishes the California Combating Auto Retail Scams (CARS) Act.
- 2) Provides that a failure of a dealer to comply shall be considered an unfair method of competition and an unfair or deceptive act or practice under subdivision (a) of Section 1770 of the Civil Code. Moreover, a violation of this section is actionable under the CLRA, the UCL, and the FAL.
- 3) Deems it a violation of the CARS Act for any dealer to make any misrepresentation, expressly or by implication, regarding material information about any of the following:
 - a) The costs or terms of purchasing, financing, or leasing a vehicle.
 - b) Any costs, limitation, benefit, or any other aspect of an add-on product or service.
 - c) Whether the terms are, or transaction is, for a purchase or a lease.
 - d) The availability of any rebates or discounts that are factored into the advertised price but are not available to all car buyers or lessees.
 - e) The availability of vehicles at an advertised price.
 - f) Whether any consumer has been or will be preapproved or guaranteed for any product, service, or term.
 - g) Information on or about a consumer's application for financing.
 - h) The time at which the transaction is final or binding on all parties.
 - i) Whether the dealer will keep cash down payments or trade-in vehicles, charge fees, or initiate legal process, or any action if a transaction is not finalized or if the consumer does not go forward with the transaction.
 - j) Whether, and if so, when, a dealer will pay off some or all of the financing or a lease on a consumer's trade-in vehicle, and what happens if a dealer fails to pay off the trade-in vehicle within the time period required by Section 11709.4 of the Vehicle Code.
 - k) The remedy available if a dealer fails to sell or lease a vehicle at the offering price.
 - l) Whether the dealer or any of the dealer's personnel or products or services is or was affiliated with, endorsed or approved by, or otherwise associated with the United States government or any federal, state, or local

governmental agency, unit, or department, including the United States Department of Defense or its military departments.

- m) Whether, or under what circumstances, a vehicle may be repossessed.
 - n) Whether, or under what circumstances, a vehicle may be moved, including across state lines or out of the country.
 - o) Any of the required disclosures identified in this title.
- 4) Requires, in connection with the sale or financing of a vehicle, a vehicle's offering price to be disclosed as follows:
- a) In any advertisement that references, expressly or by implication, a specific vehicle for sale.
 - b) In any advertisement that represents, expressly or by implication, any monetary amount or financing term for any vehicle.
 - c) In any communication with a consumer that includes a reference, expressly or by implication, regarding a specific vehicle for sale, or any monetary amount or financing term for any vehicle, as specified.
- 5) Requires a dealer, when making any representation, expressly or by implication, directly or indirectly, about an add-on product or service, to disclose that the add-on is not required and the consumer can purchase or lease the vehicle without the add-on. This disclosure shall be in writing and shall be clear and conspicuous, and in the same language in which the contract was negotiated.
- 6) Requires a dealer, when making any representation, expressly or by implication, directly or indirectly, about a monthly payment for any vehicle, to disclose clearly and conspicuously and in writing the total amount the consumer will pay to purchase or lease the vehicle at that monthly payment after making all payments as scheduled. If the total amount disclosed assumes the consumer will provide consideration, including in the form of a cash down payment or trade-in valuation, the dealer shall disclose in writing in the same language in which the contract was negotiated the amount of consideration to be provided.
- 7) Provides that, if the dealer makes any comparison between payment options, expressly or by implication, directly or indirectly, that includes discussion of a lower monthly payment, the dealer shall disclose that the lower monthly payment will increase the total amount the consumer will pay to purchase or lease the vehicle, if true. If the representation is in writing, the disclosure must be in writing.
- 8) Prohibits a dealer from charging for the following:
- a) An add-on product or service if the vehicle purchaser or lessee would not benefit from the an add-on product or service, including products or services that do not provide coverage for the vehicle, the consumer, or the transaction, or that are duplicative of warranty coverage for the vehicle, or

a service contract if the service contract includes a limit that would not cover the market value price for the repair of a covered item under the service contract, or if the service contract is void due to preexisting conditions, including prior damage from a crash or flood or preexisting mechanical conditions.

- b) Provides that a dealer may not fail to pay the person or entity who is supposed to provide the benefit of the add-on within 10 days of the date when the car buyer or lessee signs the purchase or lease.
- 9) Provides that a dealer shall not sell or lease a used vehicle at retail at a price equal to or less than \$48,000, as adjusted, to an entity or individual without providing the purchaser or lessee with a three-business-day right to cancel the purchase or lease. The dealer must provide a disclosure clearly and conspicuously setting forth this right to cancel and contain specified information, including:
- a) A statement specifying the time within which the buyer shall exercise the right to cancel.
 - b) A statement that clearly and conspicuously discloses that the dealer may charge the purchaser or lessee a restocking fee only if the purchaser or lessee exercises the right to cancel and that the fee will be determined by multiplying the cash price of the vehicle on the purchase contract or the agreed-upon value for the vehicle on the lease agreement by the number of miles the vehicle was driven since the purchase or lease and divide that number by 150,000. In addition to any restocking fee, a dealer may charge a daily use fee of not more than \$60 for each day that the vehicle was in the customer's possession.
- 10) Prohibits certain actions on the part of the dealer in connection with the right to cancel, including overcharging, failing to timely refund the down payment, and impeding in any way the exercise of this right.
- 11) Requires dealers to retain records for at least two years to demonstrate compliance herewith, including copies of advertisement, purchase orders, financing and lease documents, cancellation requests, and written complaints.
- 12) Repeals existing law regarding the required sale of a contract cancellation option agreement.
- 13) Prohibits waiver, includes a severability clause, and clarifies that it does not limit or alter the remedies and liabilities set forth in other laws.

14) Defines relevant terms, including:

- a) "Clear and conspicuous" or "clearly and conspicuously" means in a manner that is difficult to miss and easily understandable, including in all of the following ways:
 - i. In any communication that is solely visual or solely audible, the disclosure shall be made through the same means through which the communication is presented. In any communication made through both visual and audible means, including a television advertisement or video, the disclosure shall be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made through only one means.
 - ii. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, shall stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.
 - iii. An audible disclosure, including by telephone or streaming video, shall be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it.
 - iv. In any communication using an interactive electronic medium, including the internet or software, the disclosure shall be unavoidable.
 - v. The disclosure shall use diction and syntax understandable to ordinary consumers and shall be provided in each language in which the representation that requires the disclosure appears.
 - vi. The disclosure shall comply with these requirements in each medium through which it is received.
 - vii. The disclosure shall not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
- b) "Dealer" means a licensed California motor vehicle dealer or a dealer as defined in Section 285 of the Vehicle Code.
- c) "Material" or "materially" means likely to affect a person's choice of, or conduct regarding, goods or services.

COMMENTS

1. California's consumer protection laws

The Legislature has long considered consumer protection to be a matter of high importance. State law is replete with statutes aimed at protecting California consumers from unfair, dishonest, or harmful market practices. These consumer-protection laws authorize consumers to enforce their own rights and seek remedies to make them whole.

The UCL (Bus. & Prof. Code § 17200) provides remedies for “anything that can properly be called a business practice and that at the same time is forbidden by law.” (*Cel-Tech Communications, Inc. v. Los Angeles Cellular Telephone Co.* (1999) 20 Cal.4th 163, 180 [citations omitted].) The UCL provides that a court “may make such orders or judgments . . . as may be necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of such unfair competition.” (Bus. & Prof. Code § 17203; *see also Korea Supply Co. v. Lockheed Martin Corp.* (2003) 29 Cal.4th 1134, 1146 [“An order for restitution, then, is authorized by the clear language of the [UCL.”].) The law also permits courts to award injunctive relief and, in certain cases, to assess civil penalties against the violator. (Bus. & Prof. Code §§ 17203, 17206.)

The FAL proscribes making or disseminating any statement that is known or should be known to be untrue or misleading with intent to directly or indirectly dispose of real or personal property. (Bus. & Prof. Code § 17500 et seq.) Violators are subject to a civil penalty not to exceed \$2,500 for each violation in an action brought by the Attorney General or by any district attorney, county counsel, or city attorney. (Bus. & Prof. Code § 17536.) Similar to the UCL, the FAL provides that a person may bring an action for an injunction or restitution if the person has suffered injury in fact and has lost money or property as a result of a violation of the FAL. (Bus. & Prof. Code § 17535.)

The CLRA was enacted “to protect the statute’s beneficiaries from deceptive and unfair business practices,” and to provide aggrieved consumers with “strong remedial provisions for violations of the statute.” (*Am. Online, Inc. v. Superior Court* (2001) 90 Cal.App.4th 1, 11.) The CLRA prohibits “unfair methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer,” (Civ. Code § 1770(a)), and prohibits conduct “likely to mislead a reasonable consumer.” (*Colgan v. Leatherman Tool Grp., Inc.* (2006) 135 Cal. App. 4th 663, 680; internal quotation marks omitted.)

Among other things, the CLRA prohibits merchants from “representing that a transaction confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law,” or representing that goods “are of a particular standard, quality, or grade” when they are of another. (Civ. Code § 1770.) Consumers who are harmed by unlawful practices specified in the Act have a right of action under the CLRA to recover damages and other remedies, including actual damages; an order to enjoin the unlawful act; restitution; punitive damages; or any other relief that the court deems proper. (Civ. Code § 1780.)

2. Consumer complaints and the FTC CARS Rule

Car buying and dealership experiences consistently rank among the most frustrating consumer transactions, generating an overwhelming volume of complaints to

regulatory agencies each year. The process is notoriously plagued by hidden fees, high-pressure sales tactics, confusing financing terms, and bait-and-switch advertising that lures customers with promises rarely fulfilled. Consumers frequently report feeling manipulated through complex pricing structures deliberately designed to obscure the true cost of vehicles, while dealership financing departments often push expensive add-ons and extended warranties of questionable value. The asymmetry of information between professional salespeople and occasional car buyers creates an environment where consumers feel vulnerable and distrustful, with many reporting misrepresentations about vehicle history, condition, or warranty coverage that only become apparent after purchase. This persistent pattern of dissatisfaction has made automotive transactions a perennial leader in consumer complaint rankings despite decades of attempted reforms and regulations. According to reports, the number one consumer complaint in 2022 pertained to the sales and repairs of new and used vehicles, holding the spot for seven years running.²

The FTC provides an introduction to their, now vacated, CARS rule, which sought to address these consumer issues:

Buying or leasing a car is a major financial commitment and it's a transaction that consumers have often approached with apprehension or uncertainty. Indeed, according to the public comments the FTC received as part of rulemaking process for the CARS Rule, many consumers believe they have been subjected to deceptive or unfair practices when buying or leasing a car – especially bait-and-switch tactics and hidden charges. Particularly troubling were reports from servicemembers about deceptive and predatory practices near military installations, and from car dealers about losing business to dishonest dealerships. Those comments underscore what the FTC has observed in decades of law enforcement actions: that unscrupulous dealerships have used illegal tactics to close a deal – conduct that costs consumers time and money and puts honest dealers at an unfair disadvantage.

The Federal Trade Commission's Combating Auto Retail Scams Trade Regulation Rule – the CARS Rule, for short – ushers in a new era of transparency in car buying and leasing. Most importantly, the Rule explains how long-standing principles of truth in advertising and fair dealing apply when people go car shopping.

The CARS Rule is a big win for consumers, who can expect that established standards of truth and transparency that apply in other consumer transactions will also apply when they're looking to buy or lease a car. What's

² Jeanne Sahadi, *No surprises here: These are the top US consumer complaints, from cars to credit cards* (May 24, 2023) CNN, <https://www.cnn.com/2023/05/24/economy/top-consumer-complaints/index.html>.

more, now they can point to specific legal provisions that will help protect them in the process. If consumers see that a dealer is complying with the CARS Rule, it adds a measure of confidence. But if they spot a dealer who flouts those protections, consumers may take their business elsewhere.

The CARS Rule also is a big win for honest industry members who already implement the Rule's principles of truth and transparency at their dealerships. Most salespeople can recount a story of losing a sale to a cross-town competitor who used questionable tactics to lure away a prospective customer. That shouldn't happen. Dealers who work hard to treat customers fairly shouldn't have to go head-to-head against competitors who resort to deception to close a deal. The CARS Rule establishes clear rules of the road that apply to all car dealers – meaning that consumers will be able to comparison shop based on truthful claims about price, financing, and service. When all dealers are held to the same clear standards, dealers who meet (or exceed) consumers' expectations have a fair shot at winning the sale, gaining customers' loyalty, and earning a word-of-mouth reputation as the dealer to do business with. Another benefit is that the CARS Rule accomplishes these goals without requiring consumers or dealers to fill out more paperwork. . . .

Here's a summary of what the CARS Rule does:

- The CARS Rule prohibits misrepresentations about material information.
- The CARS Rule requires dealers to clearly disclose the offering price – the actual price anyone can pay to get the car, excluding only required government charges. Before they visit the dealership and throughout the transaction, consumers have the right to know the drive-off-the-lot price. If a dealer mentions optional add-ons, the dealer has to tell the consumer they can say no. And if discussing a monthly payment, the dealer has to tell the consumer the total payment.
- The CARS Rule makes it illegal for dealers to charge consumers for add-ons that don't provide a benefit.
- The CARS Rule requires dealers to get consumers' express, informed consent before charging them for anything.

3. The California CARS Act

Taking the lead from the recently vacated FTC CARS rule, this bill establishes a California equivalent, closely modeled after the FTC rule.

The bill prohibits misrepresentations regarding material information about specific terms in connection with vehicle sales. This includes information about the costs or terms of purchasing, financing, or leasing a vehicle; the availability of vehicles at an

advertised price; and the availability of rebates or discounts that are factored into advertised prices but not available to all car buyers.

The bill also looks to address transparency concerns by requiring certain disclosures to consumers. For example, a vehicle's offering price must be disclosed in specified situations, such as in any advertisements or consumer communications that reference a specific vehicle. The bill also addresses concerns with add-on products or services; these are products or services not provided to the purchaser or lessee or installed on the vehicle by the vehicle manufacturer and for which the dealer, directly or indirectly, charges a purchaser or lessee in connection with a vehicle sale, lease, or financing transaction. When making any representation about these add-ons, dealers are required to disclose that they are not required and that the consumer can purchase or lease the vehicle without them. Similar disclosure requirements are imposed for representations about monthly payments. All of these required disclosures by the dealer must be made clearly and conspicuously.

The bill further addresses certain unfair practices by prohibiting dealers from charging for certain products and services, such as add-on products that would not provide any benefit to the consumer, such as nitrogen-filled tires or products or services that do not provide coverage for the vehicle, the consumer, or the transaction, or that are duplicative of warranty coverage for the vehicle.

Current law provides that a dealer that sells specified used vehicles at retail to an individual for personal, family, or household use must offer the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. However, this does not apply to a used vehicle having a purchase price of \$40,000 or more, a motorcycle, or a recreational vehicle. The consumer must purchase this option to take advantage of it. This bill repeals that section and instead requires dealers to provide consumers an automatic 3-business-day right to cancel for used vehicles costing \$48,000 or less, as provided. The dealer is authorized to charge a specified restocking fee, based on the purchase price of the vehicle, and a daily use fee of \$60.

There is also a documentation and retention component of the bill. It requires dealers to retain records sufficient to prove compliance herewith, including copies of advertisements, purchase orders, financing and lease documents, cancellation requests, and written complaints.

To ensure meaningful enforcement, the bill makes a violation thereof an unfair method of competition and an unfair or deceptive act or practice pursuant to the CLRA. It explicitly states that violations are actionable under the CLRA, the UCL, and the FAL.

According to the author:

This important legislation increases protections for consumers purchasing a car by codifying the Federal Trade Commission's (FTC) CARS rule and by creating a 3-business-day "cooling-off" period to return used cars. Complaints about unfair and deceptive sales practices in the car purchasing process have been consistently at or near the top sources of consumer complaints across all sectors. Common complaints include lack of transparency on the full price of the vehicle, the monthly payment, the down payment, whether the car is for purchase or lease, and the availability of discounts and rebates. Other common complaints are misrepresentations about add-on services and features, along with misrepresentations about affiliations with the Department of Defense or US Armed Forces that target service members and veterans. To address these pervasive problems, the FTC developed rules to prohibit car dealers from misrepresenting the price of the car, require dealers to be transparent about optional add-on services and features, prohibit add-on services and features that do not benefit the consumer, and provide additional benefits for service members and veterans.

However, these rules were prevented from being implemented on purely administrative grounds, unfortunately leaving consumers without these well-developed protections. In addition, it is common for consumers to face pressure to purchase a vehicle when they may have been misled on key details, particularly in the case of used cars where problems with the vehicle may not be initially obvious. While it is a standard practice for sellers to have 10 days to cancel a purchase agreement or change the terms, buyers under current law only have 2 days to return a vehicle and must pre-purchase this ability. To ensure consumers in California are protected from scams, misrepresentations, and have sufficient time to thoroughly read the purchase agreement, catch issues with the car, and mirror standard practices for sellers, SB 766 codifies the CARS Rule and creates a 3-business-day cooling-off period for used car buyers to return their vehicle and receive a refund if the value does not exceed \$48,000 and the miles driven do not exceed 400, while permitting sellers to charge a restocking fee to avoid potential losses.

4. Stakeholder positions

A large coalition of consumer and advocacy groups and legal aid organizations, including UnidosUS, Consumer Reports, and the Watsonville Law Center, write in support:

If enacted, the Act will improve protections for millions of California new and used car buyers and their families and communities, including Members of the U.S. Armed Forces, as well as honest car dealers.

At a time when the average price of a new vehicle has skyrocketed to over \$47,000 and the average price of a used vehicle has risen to over \$26,000, the Act is needed to address the #1 source of consumer complaints to state and local consumer protection agencies and the Better Business Bureau: auto sales.

According to the U.S. Federal Trade Commission, which promulgated the federal Combating Auto Retail Scams (CARS) Rule, implementation of the Rule would have saved American car buyers over \$3.4 billion each year, and another 72 million hours annually otherwise spent shopping and haggling over buying a car. The FTC's rule was recently overturned by a split decision in the Fifth Circuit Court of Appeal on procedural grounds, finding that 10 years was not sufficient time for the FTC to consider the Rule. However, the Court did not rule on the merits.

The FTC's proposed Rule was supported by over 25,000 individuals who commented in favor of the Rule, as well as attorneys general from 18 states (including California Attorney General Rob Bonta), economists, coalitions representing military servicemembers and veterans, and auto dealers who have a policy of being honest, open, and transparent about pricing and about the condition of the vehicles they offer for sale - finding it difficult to compete with dealers who engage in scamming the car buying public.

A large coalition of dealers' associations and industry organizations, including Enterprise Mobility and the Civil Justice Association of California, write in opposition:

The California New Car Dealers Association (CNCDA) and the organizations listed below strongly oppose SB 766 (Allen), which seeks to import the Federal Trade Commission's (FTC) flawed and recently vacated Rule on Combating Auto Retail Scams (CARS Rule) into California law. As recently amended, SB 766 still contains significant ambiguities and unworkable new requirements that will inevitably invite a surge of new lawsuits against California dealerships throughout the state. By forcing dealers to provide a litany of duplicative and unnecessary disclosures throughout the car buying process, SB 766 will also substantially increase the length of vehicle transactions, leading to customer frustration at a time when dealerships and the Legislature should be working together to identify ways to streamline the process.

Additionally, SB 766 provides purchasers of used vehicles 3 "business days" to return the vehicle, which in practice means 3 to 5 (and potentially 7) calendar days. The low restocking and daily rate fees allowed by SB 766

create a financial incentive for customers to purchase and return used vehicles instead of renting vehicles. Dealers will also see far more vehicle returns and will be required to adjust used vehicle prices upward to account for the likelihood that the customer will return the vehicle.

Notwithstanding these concerns, the purported problems that SB 766 seeks to address are already covered by California's existing and robust laws governing vehicle sales and lease transactions.

In response to some of the concerns from opposition, the author has agreed to amendments that further refine the definition of "offering price," reduce the redundancies of certain disclosures, narrow the document retention requirements, and provides additional examples of what constitutes an add-on product or service that a consumer would not benefit from. These are in addition to the significant amendments taken in the previous committee as highlighted by Consumers for Auto Reliability and Safety:

In direct response to issues raised by the opponents, more than a dozen amendments adopted in the Senate Committee on Transportation make major, significant changes to the bill, while preserving important benefits for car buyers, including the following amendments:

- Removal of definition and provisions regarding "express, informed consent" (restoring existing robust disclosure requirements in the existing Car Buyers Bill of Rights, at Civil Code Section 2982.2)
- Removal of provision saying signature would not qualify as informed express consent
- Removal of provision saying prechecked boxes fail to qualify as informed express consent
- 10-day cooling off period for used cars reduced to just 3 business days - substantially less than the time periods currently offered by major auto dealers that sell used vehicles in California - Carmax offers 10 days, AutoNation 5 days, and Carvana 7 days for used car buyers to return used vehicles for a refund.
- Mileage cap for returning used cars during the cooling off period reduced from 2,000 miles to 400 miles
- \$48,000 cap on the price of used vehicles covered by the cooling off period, adjusted for inflation based on the Consumer Price Index
- Restocking fee increased to add an additional \$60 per day to the mileage formula in the bill (to address concern about repeat returns in lieu of renting a car) - note: based on information on their websites, it appears that CarMax, AutoNation and Carvana do not charge any restocking fee, aside from Carvana's charge of \$1 per mile driven in excess of 400 miles

- Removal of definition and provisions regarding “express, informed consent” (restoring existing robust disclosure requirements in the Car Buyers Bill of Rights, at Civil Code Section 2982.2)
- Removal of provision saying signature would not qualify as informed express consent
- Removal of provision saying prechecked boxes fail to qualify as informed express consent
- Safe harbor for sales of Guaranteed Asset Protection (GAP) products, provided dealers comply with AB 2311, enacted pursuant to negotiations between Attorney General Bonta and the California New Car Dealers Association
- Reducing the time period for dealers to retain relevant documents such as advertisements from 7 years to 2 years, provided dealers continue to comply with the existing law regarding document retention, at Civil Code Section 2984.5.

SUPPORT

Americans for Financial Reform

Bet Tzedek

California Low-Income Consumer Coalition

CALPIRG

Center for Auto Safety

Centro Legal De LA Raza

Coalition for Clean Air

Community Legal Services in East Palo Alto

Consumer Attorneys of California

Consumer Federation of America

Consumer Federation of California

Consumer Protection Policy Center/USD School of Law

Consumer Reports

Consumers for Auto Reliability & Safety

Contra Costa Senior Legal Services

Elder Law & Advocacy

Housing and Economic Rights Advocates

Legal Aid of Marin

Legal Assistance for Seniors

Legal Assistance to the Elderly

National Association of Consumer Advocates (NACA)

National Consumer Law Center, INC.

National Consumers League

Open Door Legal

Public Citizen

Public Counsel

Public Law Center

Rise Economy
Riverside Legal Aid
Santa Clara Law
UnidosUS
Watsonville Law Center

OPPOSITION

American Financial Services Association
California Bankers Association
California Chamber of Commerce
California Community Banking Network
California Credit Union League
California Financial Services Association
California New Car Dealers Association
Carvana
CMDA-California Motorcycle Dealers Association
Insurance Auto Auctions, Inc.

RELATED LEGISLATION

Pending Legislation: SB 791 (Cortese, 2025) increases the document processing fee a dealer can charge when a buyer/lessee purchases a car. SB 791 is currently on the Senate Floor.

Prior Legislation:

SB 26 (Umberg, Ch. 1, Stats. 2025) made changes to the recently amended California “Lemon Law” to establish a mechanism for manufacturers to opt in to this new process. It restricted a consumer from seeking civil penalties in such actions unless the consumer provides written notice to a prospective buyer or recipient, as provided. SB 26 delayed the effective date of newly enacted procedural guidelines for such cases.

AB 1755 (Kalra & Umberg, Ch. 938, Stats. 2024) amended the procedure for seeking specified remedies pursuant to the Song-Beverly Consumer Warranty Act (the Song-Beverly Act) in connection with nonconforming motor vehicles.

AB 2311 (Maienschein, Ch. 283, Stats. 2022) established some baseline consumer protections in connection with the sale of GAP waivers. It implemented a number of disclosure requirements and provided consumers the right to cancel GAP waivers at any time, as provided.

PRIOR VOTES:

Senate Transportation Committee (Ayes 9, Noes 3)
