

AMENDED IN SENATE MAY 1, 2025  
AMENDED IN SENATE APRIL 10, 2025

**SENATE BILL**

**No. 766**

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**Introduced by Senator Allen**

February 21, 2025

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An act to add Title 1.5B (commencing with Section 1784.20) to Part 4 of Division 3 of the Civil Code, to amend Section 6012.3 of the Revenue and Taxation Code, and to repeal Section 11713.21 of, and to repeal and add Section 11709.2 of, the Vehicle Code, relating to civil law.

LEGISLATIVE COUNSEL'S DIGEST

SB 766, as amended, Allen. California Combating Auto Retail Scams (CARS) Act.

Existing law governs motor vehicle conditional sale contracts, as defined, and requires a seller, prior to the execution of a conditional sale contract, to make certain disclosures to the buyer, including a description and the price of each item sold if the contract includes a charge for the item, and the sum of all of those charges.

Existing law prohibits a dealer from selling specified used vehicles at retail to an individual for personal, family, or household use without offering the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. Existing law sets forth certain requirements for the contract cancellation option agreement, including prescribing the purchase price for the contract cancellation option and requiring specified disclosures.

This bill would enact the California Combating Auto Retail Scams (CARS) Act. The bill would make it a violation of the act for a dealer to make any misrepresentation regarding material information about

specified matters relating to the vehicle sale, including the costs or terms of purchasing, financing, or leasing a vehicle, the availability of vehicles at an advertised price, and the remedy available if a dealer fails to sell or lease a vehicle at the ~~offering price~~. *total price, as defined*. The bill would also make it a violation of the act for a dealer to fail to make certain disclosures clear and conspicuous, including specified information relating to the ~~offering~~ *total price* and any add-on product or services. The bill would make it a violation of the act for a dealer, in connection with the sale or financing of a vehicle, to charge for certain items, including an add-on product or service if the vehicle purchaser or lessee would not benefit from the add-on product or service. The bill would repeal the above-described contract cancellation option agreement requirement and would instead prohibit a dealer from selling or leasing specified used vehicles without providing the purchaser or lessee a 3-business-day right to cancel the purchase or lease, as provided. The bill would require a dealer to create and retain, for a period of 2 years from the date the record is created, all records necessary to demonstrate compliance with the act, including specified records.

The bill would make related conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Title 1.5B (commencing with Section 1784.20)  
2 is added to Part 4 of Division 3 of the Civil Code, to read:

3  
4 TITLE 1.5B. CALIFORNIA COMBATING AUTO RETAIL  
5 SCAMS (CARS) ACT

6  
7 CHAPTER 1. GENERAL PROVISIONS

8  
9 1784.20. This title shall be known, and may be cited, as the  
10 California Combating Auto Retail Scams (CARS) Act.

11 1784.21. Any waiver by a consumer of the provisions of this  
12 title is contrary to public policy and is unenforceable and void.

13 1784.22. The provisions of this title are not exclusive. The  
14 remedies provided in this title for a violation of this title or for  
15 conduct proscribed by this title shall be in addition to any other  
16 remedies available under other law. This title does not limit or

1 alter the remedies and liabilities set forth in other laws that may  
2 apply.

3 1784.23. If any provision of this title or the application of this  
4 title to any person or circumstance is held to be unconstitutional  
5 or otherwise deemed to be invalid, the remainder of the title and  
6 the application of the provision to other persons or circumstances  
7 shall not be affected.

8  
9 CHAPTER 2. CONSTRUCTION AND DEFINITIONS

10  
11 1784.30. (a) This title shall be liberally construed and applied  
12 to promote its underlying purposes, which are to protect purchasers  
13 and lessees of new or used motor vehicles against unfair and  
14 deceptive business practices and to provide efficient and  
15 economical procedures to secure that protection.

16 (b) The failure of a dealer to comply with this title shall be  
17 considered an unfair method of competition and an unfair or  
18 deceptive act or practice under subdivision (a) of Section 1770.  
19 Moreover, a violation of this ~~section~~ *title* is *also* actionable under  
20 the Consumers Legal Remedies Act (Title 1.5 (commencing with  
21 Section 1750)), the Unfair Competition Law (Chapter 5  
22 (commencing with Section 17200) of Part 2 of Division 7 of the  
23 Business and Professions Code), Section 17500 of the Business  
24 and Professions Code, or any other applicable state or federal law.

25 1784.31. The following definitions apply for purposes of this  
26 chapter:

27 (a) “Add-on” or “add-on product or service” means any product  
28 or service not provided to the purchaser or lessee or installed on  
29 the vehicle by the vehicle manufacturer and for which the dealer,  
30 directly or indirectly, charges a purchaser or lessee in connection  
31 with a vehicle sale, lease, or financing transaction.

32 (b) “Clear and conspicuous” or “clearly and conspicuously”  
33 means in a manner that is difficult to miss and easily  
34 understandable, including in all of the following ways:

35 (1) In any communication that is solely visual or solely audible,  
36 the disclosure shall be made through the same means through  
37 which the communication is presented. In any communication  
38 made through both visual and audible means, including a television  
39 advertisement or video, the disclosure shall be presented  
40 simultaneously in both the visual and audible portions of the

1 communication even if the representation requiring the disclosure  
2 is made through only one means.

3 (2) A visual disclosure, by its size, contrast, location, the length  
4 of time it appears, and other characteristics, shall stand out from  
5 any accompanying text or other visual elements so that it is easily  
6 noticed, read, and understood.

7 (3) An audible disclosure, including by telephone or streaming  
8 video, shall be delivered in a volume, speed, and cadence sufficient  
9 for ordinary consumers to easily hear and understand it.

10 (4) In any communication using an interactive electronic  
11 medium, including the internet or software, the disclosure shall be  
12 unavoidable.

13 (5) The disclosure shall use diction and syntax understandable  
14 to ordinary consumers and shall be provided in each language in  
15 which the representation that requires the disclosure appears.

16 (6) The disclosure shall comply with these requirements in each  
17 medium through which it is received.

18 (7) The disclosure shall not be contradicted or mitigated by, or  
19 inconsistent with, anything else in the communication.

20 (c) “Dealer” means a licensed California motor vehicle dealer  
21 or a dealer as defined in Section 285 of the Vehicle Code.

22 (d) “GAP agreement” means an agreement for either of the  
23 following:

24 (1) To indemnify a vehicle purchaser or lessee for the difference  
25 between the actual cash value of the vehicle in the event of an  
26 unrecovered theft or total loss and the amount owed on the vehicle  
27 pursuant to the terms of a loan, lease agreement, or installment  
28 sales contract used to purchase or lease the vehicle.

29 (2) To waive the unpaid difference between money received  
30 from the purchaser’s or lessee’s vehicle insurer and some or all of  
31 the amount owed on the vehicle at the time of the unrecovered  
32 theft or total loss, including products or services titled “guaranteed  
33 automobile protection agreement,” “guaranteed asset protection  
34 agreement,” “GAP insurance,” or “GAP waiver.”

35 ~~(e) “Government charges” means all fees or charges imposed~~  
36 ~~by a federal, state, or local governmental agency, unit, or~~  
37 ~~department, including taxes, license and registration costs,~~  
38 ~~inspection, or certification costs, and any other similar fees or~~  
39 ~~charges.~~

40 (f)

1 (e) “Material” or “materially” means likely to affect a person’s  
2 choice of, or conduct regarding, goods or services.

3 ~~(g)~~

4 (f) “Motor vehicle” or “vehicle” means a motor vehicle as  
5 defined by Section 415 of the Vehicle Code.

6 ~~(h) “Offering price” means the full cash price for which a dealer  
7 will sell or finance the vehicle to any consumer, provided that the  
8 dealer may exclude only required governmental charges.~~

9 ~~(i)~~

10 (g) “Service contract” includes products that provide consumers  
11 with some type of benefit or payment for repair, maintenance, or  
12 service on the vehicle purchased or leased.

13 (h) *“Total price” means the total sale price of a vehicle,  
14 excluding taxes, vehicle registration fees, the California tire fee,  
15 the fee charged by the state for the issuance of a certificate of  
16 compliance or noncompliance pursuant to a statute, finance  
17 charges, mobilehome escrow fees, the amount of a city, county, or  
18 city and county imposed fee or tax for a mobilehome, an electronic  
19 registration or transfer charge, and a charge for emission testing  
20 not to exceed fifty dollars (\$50) plus the actual fees charged for  
21 certificates pursuant to Section 44060 of the Health and Safety  
22 Code.*

23 ~~(j)~~

24 (i) “Used motor vehicle” or “used vehicle” means a used vehicle  
25 as defined in Section 665 of the Vehicle Code.

26  
27 CHAPTER 3. PROHIBITED CONDUCT AND CONSUMER RIGHTS

28  
29 1784.40. It is a violation of this title for any dealer to make  
30 any misrepresentation, expressly or by implication, regarding  
31 material information about any of the following:

32 (a) The costs or terms of purchasing, financing, or leasing a  
33 vehicle.

34 (b) Any costs, limitation, benefit, or any other aspect of an  
35 add-on product or service.

36 (c) Whether the terms are, or transaction is, for a purchase or a  
37 lease.

38 (d) The availability of any rebates or discounts that are factored  
39 into the advertised price but are not available to all car buyers or  
40 lessees.

1 (e) The availability of vehicles at an advertised price.

2 (f) Whether any consumer has been or will be preapproved or  
3 guaranteed for any product, service, or term.

4 (g) Information on or about a consumer's application for  
5 financing.

6 (h) The time at which the transaction is final or binding on all  
7 parties.

8 (i) Whether the dealer will keep cash downpayments or trade-in  
9 vehicles, charge fees, or initiate legal process, or any action if a  
10 transaction is not finalized or if the consumer does not go forward  
11 with the transaction.

12 (j) Whether, and if so, when, a dealer will pay off some or all  
13 of the financing or a lease on a consumer's trade-in vehicle, and  
14 what happens if a dealer fails to pay off the trade-in vehicle within  
15 the time period required by Section 11709.4 of the Vehicle Code.

16 (k) The remedy available if a dealer fails to sell or lease a vehicle  
17 at the ~~offering price~~ *total price*.

18 (l) Whether the dealer or any of the dealer's personnel or  
19 products or services is or was affiliated with, endorsed or approved  
20 by, or otherwise associated with the United States government or  
21 any federal, state, or local governmental agency, unit, or  
22 department, including the United States Department of Defense  
23 or its military departments.

24 (m) Whether, or under what circumstances, a vehicle may be  
25 repossessed.

26 (n) Whether, or under what circumstances, a vehicle may be  
27 moved, including across state lines or out of the country.

28 (o) Any of the required disclosures identified in this title.

29 1784.41. It is a violation of this title for any dealer to fail to  
30 make any disclosure required by this section, clearly and  
31 conspicuously.

32 (a) In connection with the sale or financing of a vehicle, a  
33 vehicle's ~~offering~~ *total price* shall be disclosed as follows:

34 (1) In any advertisement that references, expressly or by  
35 implication, a specific vehicle for sale.

36 (2) In any advertisement that represents, expressly or by  
37 implication, any monetary amount or financing term for any  
38 vehicle.

39 (3) In ~~any~~ *the first* communication with a consumer that includes  
40 a reference, expressly or by implication, regarding a specific

1 vehicle for sale, or any monetary amount or financing term for any  
2 vehicle. With respect to these communications both of the  
3 following apply:

4 (A) The ~~offering~~ total price for the vehicle shall be disclosed  
5 *at least once* in the dealer's first response regarding that specific  
6 vehicle to the consumer.

7 (B) If the communication or response is in writing, the ~~offering~~  
8 total price shall be disclosed in writing.

9 (b) When making any representation, expressly or by  
10 implication, directly or indirectly, about an add-on product or  
11 service, the dealer shall disclose *at least once* that the add-on is  
12 not required and the consumer can purchase or lease the vehicle  
13 without the add-on. This disclosure shall be in writing and shall  
14 be clear and conspicuous, and in the same language in which the  
15 contract was negotiated.

16 (c) (1) When making any representation, expressly or by  
17 implication, directly or indirectly, about a monthly payment for  
18 any vehicle, the dealer shall disclose *at least once*, clearly and  
19 conspicuously and in ~~writing~~ writing, the total amount the  
20 consumer will pay to purchase or lease the vehicle at that monthly  
21 payment after making all payments as scheduled.

22 (2) If the total amount disclosed assumes the consumer will  
23 provide consideration, including in the form of a cash  
24 downpayment or trade-in valuation, the dealer shall disclose the  
25 amount of consideration to be provided by the consumer. This  
26 disclosure shall be in writing and shall be clear and conspicuous  
27 and in the same language in which the contract was negotiated.

28 (d) If the dealer makes any comparison between payment  
29 options, expressly or by implication, directly or indirectly, that  
30 includes discussion of a lower monthly payment, the dealer shall  
31 disclose that the lower monthly payment will increase the total  
32 amount the consumer will pay to purchase or lease the vehicle, if  
33 true. If the representation is in writing, the disclosure must be in  
34 writing.

35 1784.42. It is a violation of this title for any dealer, in  
36 connection with the sale or financing of vehicles, to charge for any  
37 of the following.

38 (a) A dealer may not charge for an add-on product or service if  
39 the vehicle purchaser or lessee would not benefit from the an

1 add-on product or service, including, as applicable, any of the  
2 following:

3 (1) Nitrogen-filled tire-related products or services.

4 (2) Products or services that do not provide coverage for the  
5 vehicle, the consumer, or the transaction, or that are duplicative  
6 of warranty coverage for the vehicle.

7 (3) A GAP agreement that is not in compliance with Section  
8 2982, 2982.2, or 2982.12.

9 (4) A service contract if the service contract includes a limit  
10 that would not cover the market value price for the repair of a  
11 covered item under the service contract, ~~or if the service contract~~  
12 ~~is void due to preexisting conditions, including prior damage from~~  
13 ~~a crash or flood or preexisting mechanical conditions.~~ *conditions,*  
14 *or if the service contract does not cover the reasonable costs of*  
15 *repair.*

16 (5) *Oil changes for electric vehicles.*

17 (6) *Duplicative service contracts that cover the same time period*  
18 *as the manufacturer's warranty for another service contract.*

19 (7) *Catalytic converter markings for a vehicle that does not*  
20 *have a catalytic converter.*

21 (8) *Surface protection product that renders the manufacturer's*  
22 *warranty for the paint job void.*

23 (b) A dealer may not fail to pay the person or entity who is  
24 supposed to provide the benefit of the add-on within 10 days of  
25 the date when the car buyer or lessee signs the purchase or lease.

26 (c) This section does not prohibit a dealer from charging for an  
27 add-on product or service, such as a service contract, if the add-on  
28 product or service is selected by, and would benefit, the vehicle  
29 purchaser or lessee, even if the vehicle purchaser or lessee  
30 ultimately does not choose to use the add-on product or service.

31 1784.43. (a) A dealer shall not sell or lease a used vehicle at  
32 retail at a price equal to or less than forty-eight thousand dollars  
33 (\$48,000), as adjusted pursuant to subdivision (f), to an entity or  
34 individual without providing the purchaser or lessee with a  
35 three-business-day right to cancel the purchase or lease.

36 (b) To comply with subdivision (a), and notwithstanding Section  
37 2981.9 of the Civil Code, a dealer shall provide the purchaser or  
38 lessee a copy of a disclosure titled "3-Business-Day Right to Cancel  
39 Used Car Purchase or Lease" on a separate document that shall



1 set forth this right clearly and conspicuously and that shall contain  
2 all of the following:

3 (1) The name of the seller and the purchaser or lessee.

4 (2) A description and the vehicle identification number of the  
5 vehicle purchased.

6 (3) A statement specifying the time within which the buyer shall  
7 exercise the right to cancel the purchase under the contract  
8 cancellation option and return the vehicle to the dealer. The dealer  
9 shall not specify a time that is earlier than the dealer's close of  
10 business on the third business day following the day on which the  
11 purchase or lease agreement was signed, and the vehicle was  
12 originally delivered to the purchaser or lessee by the dealer.

13 (4) A statement that clearly and conspicuously discloses that  
14 the dealer cannot charge the purchaser or lessee for the right to  
15 cancel the purchase or lease.

16 (5) A statement that clearly and conspicuously discloses that  
17 the dealer may charge the purchaser or lessee a restocking fee only  
18 if the purchaser or lessee exercises the right to cancel and that the  
19 fee will be determined by multiplying the cash price of the vehicle  
20 on the purchase contract or the agreed-upon value for the vehicle  
21 on the lease agreement by the number of miles the vehicle was  
22 driven since the purchase or lease and divide that number by  
23 150,000. In addition to any restocking fee, a dealer may charge a  
24 daily use fee of not more than sixty dollars (\$60) for each day that  
25 the vehicle was in the customer's possession.

26 (6) A statement that clearly and conspicuously discloses that  
27 the purchaser or lessee cannot exercise the option if the vehicle  
28 has been driven more than 400 miles.

29 (7) A statement that clearly and conspicuously discloses that  
30 the dealer can charge the purchaser or lessee for damage to the  
31 vehicle beyond reasonable wear and tear, the dealer will have the  
32 burden of proving the damage is beyond reasonable wear and tear,  
33 and the dealer cannot withhold any portion of the purchaser's or  
34 lessee's downpayment, or their trade-in vehicle to pay for or to  
35 get the purchaser or lessee to pay what the dealer claims is damage  
36 beyond reasonable wear and tear.

37 (8) A statement that clearly and conspicuously discloses that  
38 the dealer cannot prevent the customer from exercising the right  
39 to cancel because they do not have the money to pay for the

1 restocking fee or for damage the dealer claims is beyond reasonable  
2 wear and tear.

3 (9) A statement that clearly and conspicuously discloses that if  
4 the dealer has sold the purchaser's or lessee's trade-in vehicle, the  
5 dealer shall pay the purchaser or lessee the greater amount of the  
6 agreed-upon value of the trade-in vehicle on the purchase or lease  
7 agreement, the fair market value of the vehicle at the time when  
8 it was traded in, or the amount at which the dealer sold the trade-in  
9 vehicle.

10 (10) A statement that clearly and conspicuously discloses that  
11 if the dealer represents to the purchaser or lessee that it sold the  
12 trade-in vehicle, it must provide the purchaser or lessee a copy of  
13 the document showing the sale of the trade-in vehicle. The dealer  
14 shall redact the personal information of the person or entity to  
15 whom the trade-in vehicle was sold.

16 (c) It is a violation of this title for any dealer, in connection with  
17 a purchaser or lessee exercising the right to cancel, to do any of  
18 the following:

19 (1) To do or say anything to impede a purchaser or lessee from  
20 exercising the right to cancel the purchase or lease of a vehicle as  
21 provided in this title.

22 (2) To overcharge the purchaser or lessee for the restocking fee.

23 (3) To withhold the purchaser's or lessee's downpayment or  
24 trade-in vehicle after the right to cancel has been exercised.

25 (4) To fail to timely refund the purchaser's or lessee's  
26 downpayment after the right to cancel has been exercised.

27 (5) To fail to refund the amount owed for the purchaser's or  
28 lessee's trade-in vehicle if the trade-in vehicle has been sold.

29 (6) To fail to provide the purchaser or lessee the receipt or  
30 contract for the sale of the purchaser's or lessee's trade-in vehicle.

31 (7) To claim damage to the vehicle in excess of reasonable wear  
32 and tear without reasonable basis.

33 (8) To claim the person authorized to return the purchaser's or  
34 lessee's downpayment or trade-in vehicle is not available.

35 (d) The dealer will clearly and conspicuously disclose on the  
36 first page of the purchase or lease agreement the following:

37  
38 "CALIFORNIA DOES NOT HAVE A COOLING-OFF  
39 PERIOD FOR NEW VEHICLES. HOWEVER, IF YOU  
40 PURCHASED OR LEASED A USED VEHICLE, YOU HAVE

1 3 BUSINESS DAYS TO CANCEL THIS CONTRACT FOR ANY  
2 REASON.

3 You have up to 3 business days to return the vehicle to the dealer  
4 and cancel this contract and obtain a refund. Please review the  
5 disclosure, which the dealer is required by law to provide, for the  
6 details about this right and how to exercise it.”

7  
8 (e) This section does not affect the ability of a buyer to rescind  
9 the contract or revoke acceptance under any other law.

10 (f) This section does not apply to a used vehicle with a purchase  
11 price greater than forty-eight thousand dollars (\$48,000), as  
12 adjusted June 1, 2027, and every June 1 thereafter, by the  
13 percentage change in the cost of living, as defined in Section 2212  
14 of the Revenue and Taxation Code.

15 1784.44. (a) A dealer subject to this title shall create and retain,  
16 for a period of two years from the date the record is created, all  
17 records necessary to demonstrate compliance with this title,  
18 including the following records:

19 (1) Copies of all materially different—~~advertisements, sales~~  
20 ~~scripts, training materials, advertisements~~ and marketing materials  
21 regarding the price, financing, or lease of a vehicle, that the dealer  
22 disseminated during the relevant time period. A typical example  
23 of a credit or lease advertisement may be retained for  
24 advertisements that include different vehicles, or different amounts  
25 for the same credit or lease terms, if the advertisements are  
26 otherwise not materially different.

27 (2) Copies of all purchase orders, financing and lease documents  
28 with the dealer signed by the consumer, whether or not final  
29 approval or assignment of the contract is received from a financing  
30 or lease transaction, and all written communications relating to  
31 sales, financing, or leasing between the dealer and any car buyer  
32 or lessee who signs a purchase order or financing or lease contract  
33 with the dealer.

34 (3) Records demonstrating that add-ons in a consumer’s contract  
35 meet the requirements of Section 1784.42, including copies of all  
36 service contracts, GAP agreements, proof of timely payment for  
37 add-ons, and calculations of loan-to-value ratios in contracts  
38 including GAP agreements.

(4) Copies of all cancellation requests, proof of refunds of downpayments or other consideration provided in the purchase of a vehicle, and proof of return of trade-in vehicles.

(5) Copies of all written complaints from car buyers or lessees received by the dealer relating to sales, financing, leasing, or cancellation requests under Section 1784.43, inquiries related to add-ons, and inquiries and responses about vehicles referenced in Section 1784.41.

(b) A dealer subject to this part may keep the records required by subdivision (a) in any legible form, and in the same manner, format, or place as they already keep records in the ordinary course of business. Failure to keep all records required under subdivision (a) is a violation of this title.

(c) This section does not limit the requirements imposed by Section 2984.5.

SEC. 2. Section 6012.3 of the Revenue and Taxation Code is amended to read:

6012.3. For purposes of this part, “gross receipts” and “sales price” do not include that portion of the sales price returned to the purchaser of a used motor vehicle pursuant to Section 1784.43 of the Civil Code.

SEC. 3. Section 11709.2 of the Vehicle Code is repealed.

SEC. 4. Section 11709.2 is added to the Vehicle Code, to read:

11709.2. (a) Every dealer shall conspicuously display a notice, not less than three feet high and three feet wide, in each sales office and sales cubicle of a dealer’s established place of business where written terms of specific sale or lease transactions are discussed with prospective purchasers or lessees, and in each room of a dealer’s established place of business where sale and lease contracts are regularly executed that states the following:

“CALIFORNIA DOES NOT HAVE A COOLING-OFF  
PERIOD FOR NEW VEHICLES. BUT IF YOU PURCHASED  
OR LEASED A USED VEHICLE FOR \$\_\_\_\_OR LESS, YOU

1 HAVE 3 BUSINESS DAYS TO CANCEL THIS CONTRACT  
2 FOR ANY REASON.  
3

4 This cooling-off period also does not apply to the sale of a  
5 motorcycle or an off-highway motor vehicle subject to registration  
6 under California law. See the vehicle contract for details.”

7 (b) A dealer shall fill in the blank in each notice required by  
8 subdivision (a) with the dollar amount described in subdivision  
9 (f) of Section 1784.43 of the Civil Code and shall update the  
10 amount on or before June 1, 2027, and every June 1 thereafter.

11 SEC. 5. Section 11713.21 of the Vehicle Code is repealed.

O