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July 3, 2025

Honorable Rebecca Bauer-Kahan
Chair, Assembly Committee on Privacy and Consumer Protection
California State Assembly
1021 O Street, Suite 5210
Sacramento, CA 95814

Re: SB 766 (Allen) – California Combating Auto Retail Scams (CARS) Act: SUPPORT

Dear Chair Bauer-Kahan:

On behalf of each of the non-profit organizations listed above, we write in strong support of SB 766, the California Combating Auto Retail Scams (CARS) Act. 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. The CARS Act will make purchasing or leasing a new or used vehicle in California more affordable and less risky.

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.

Like the FTC's CARS Rule, the California CARS Act would:

- Require auto dealers to clearly disclose the “total price” in advertising. By standardizing how prices are disclosed, and improving price transparency, the CARS Act will empower car buyers to make apples-to-apples comparisons, allowing them to comparison shop without having to spend hours on car lots. Greater transparency will also encourage fair competition among dealerships.
- Prohibit car dealers from charging consumers for optional high-profit add-ons that fail to provide any benefit to the car buyer.
- Prohibit car dealers from making false, deceptive claims about price, financing, add-ons, or other important “material” information.
- Prohibit car dealers from claiming that they are part of the U.S. military or are in any way affiliated with the U.S. military.

In addition to the provisions above, which emulate those of the FTC's CARS Rule, the California CARS Act also provides a 3-business-day cooling off period specifically for purchasers of USED vehicles, allowing them to return used vehicles priced below \$48,000 up to 3 business days after the date of purchase, for any reason, and obtain a refund, minus a restocking fee in the form of a mileage deduction based on a fair, reasonable formula spelled out in the Act and capped at 400 miles, plus \$60 per day.

The cooling off period in the CARS Act falls within the existing 10-day “seller’s right to cancel” in the typical retail installment contract used by auto dealers in California. The cooling off period is also similar to voluntary return policies widely offered by various high-volume vehicle dealership chains that sell used vehicles to consumers and small business owners throughout the state.

One of the main benefits of the cooling-off period: it will help reduce the risk of “gotcha” scenarios where consumers are subjected to high-pressure sales tactics and / or misled about the condition of the car or the terms of the sale, or where they realize after buying the car it doesn’t meet their family’s needs, had prior major damage that was not disclosed, has a rolled-back odometer, fails to get the same mileage they were led to expect, would be unusable for a disabled child or parent, or otherwise fails to meet their needs and expectations.

By allowing car buyers to return used vehicles and obtain a refund without having to resort to litigation, the CARS Act will also help address the burden on the Courts due to auto-related litigation in California.

In sum, the CARS Act will benefit millions of Californians and their families, as well as honest auto dealers. We strongly urge your support for these important, long-overdue reforms, and your “AYE” vote for SB 766.

Respectfully yours,

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