



SB 766



OVERVIEW:

SB 766 is a poorly drafted and rushed legislation copying and pasting from the arbitrary and capricious invalid FTC CARS rule, only adding chaos to California's already heavily regulated automotive industry.

Simply put, SB 766 undermines California's robust consumer protections by replacing them with vague and confusing rules that expose ethical dealers to needless litigation. The bill deletes a comprehensive consumer-centric California statute, replaces it with vague and ambiguous directives, provides less protection to consumers, makes the car buying process more burdensome and confusing, and creates unworkable compliance requirements for dealers to follow. This is a power grab by trial attorneys seeking to extort local businesses.

PROBLEM:

Among its many harmful provisions, SB 766:

- Institutes a gratuitous private right of action that will not protect consumers who have experienced harm; it simply creates a pathway for more frivolous lawsuits making attorneys richer and providing little to no consumer relief.
 - Existing laws already allow consumers harmed by dealerships to pursue action against the dealer.
- Deletes the existing comprehensive, consumer-centric pre-contract disclosure statute adopted as part of the Car Buyer's Bill of Rights in 2006, replacing it with a hodgepodge of federal laws and ambiguously broad directives.
- Distorts the definition of express informed consent, causing more confusion by disregarding centuries-old contract law.
- Regulates dealership advertising rules, introducing requirements in conflict with or duplicative of existing and extensive regulations on dealer advertising.
- Provides a new and vague definition of GAP waivers in direct conflict with 2022 legislation, which includes very specific, thoughtfully drafted, collaboratively negotiated framework on GAP to protect consumers from bad actors. SB 766 creates confusion and empowers bad actors to return to the very behavior that the 2022 law sought to eliminate when enacted.
- Legislates the parameters of credit extension and disclosures. This directly conflicts with state and federal law.
- Makes inappropriate changes to the Vehicle Code and regulates aspects of dealership operations reserved under title 13 of the California Code of Regulations, ostensibly removing the DMV's enforcement rights.

SOLUTION:

Reject SB 766. The bill is bad for consumers, local business, economic growth, and bad for the courts. The only winners are trial attorneys seeking yet another get rich quick scheme to facilitate at the expense of hard-working, tax paying Californians.