



September 12, 2025

Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

### Request for Signature

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

Dear Governor Newsom:

On behalf of each of the non-profit organizations signing onto this letter, we respectfully request that you please sign SB 766 (Allen), 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 small businesses and 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, and tariffs are projected to cause vehicle prices to increase dramatically, 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.

The first part of the bill is modeled after the Federal Trade Commission's Combating Auto Retail Scams (CARS) Rule, which was overturned by the federal Fifth District court solely on procedural grounds in a split (2-1) decision before the Rule could take effect. Under President Trump's appointees, the FTC has not re-issued the Rule. Leading economists projected that the FTC's CARS Rule would have saved American car buyers \$3.4 billion each year, plus 72 million hours annually otherwise spent shopping for cars, haggling over the price, being subjected to bait-and-switch practices, and getting stuck with unwanted, expensive add-on products that boost profits for car dealers and lenders, but are often of little or no value to consumers.

The same economists, from Stanford, MIT, Clemson, University of Arizona, and University of Michigan, [conservatively project](#) that **enactment of the CARS Rule provisions in SB 766 will save California car buyers \$234 million in reduced search costs and another 8.5 million hours in time savings – each year the law is in effect.** They did not evaluate the second part of the bill, which creates a new 3-day cooling off period for used car buyers.

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, the California CARS Act also provides a first-in-the-nation 3-day cooling off period for purchasers of USED vehicles, allowing them to return used vehicles with a total price of \$50,000 or less up to 3 days after the date of purchase, for any reason, and obtain a refund, minus a restocking fee.

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 small businesses, rideshare drivers and others who need safe, reliable transportation to make a living, and honest auto dealers. We strongly urge your support for these important, long-overdue reforms, and would greatly appreciate your signing SB 766 into law.

Respectfully yours,

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