
THIRD READING

Bill No: AB 1197
Author: Calderon (D)
Amended: 6/26/25 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 11-1, 6/24/25

AYES: Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern,
Weber Pierson, Wiener

NOES: Wahab

NO VOTE RECORDED: Valladares

SENATE PUBLIC SAFETY COMMITTEE: 6-0, 7/15/25

AYES: Arreguín, Seyarto, Caballero, Gonzalez, Pérez, Wiener

ASSEMBLY FLOOR: 73-0, 5/23/25 - See last page for vote

SUBJECT: Rental passenger vehicles: electronic surveillance technology: renter
liability for loss due to theft

SOURCE: Author

DIGEST: This bill expands the authority of rental vehicle companies to use electronic surveillance of rental vehicles and rolls back liability protections for rental vehicle customers in the event a rental vehicle is stolen.

ANALYSIS:

Existing law:

- 1) Provides that, among other rights, all people have an inalienable right to pursue and obtain privacy. (California Constitution (Cal. Const.), art.1, § 1.)
- 2) Governs the obligations arising from rental passenger vehicle transactions. Civil (Civ.) Code § 1939.01 et seq.)

- 3) Prohibits a rental car company from using, accessing, or obtaining any information relating to the renter's use of the rental vehicle that was obtained using electronic surveillance technology, except in limited circumstances. (Civ. Code § 1939.23(a).)
- 4) Provides that rental car companies are permitted to use electronic surveillance technology in response to a specific request from law enforcement pursuant to a subpoena or search warrant or for the purpose of locating a stolen, abandoned, or missing rental vehicle after one of the following:
 - a) The renter or law enforcement has informed the rental car company that the vehicle is missing or has been stolen or abandoned.
 - b) The rental vehicle has not been returned following 24 hours after the contracted return date or after the end of an extension of that return date.
 - c) The rental car company discovers that the vehicle has been stolen or abandoned and, if stolen, reports the vehicle stolen to law enforcement by filing a stolen vehicle report, unless law enforcement has already informed the rental company that the vehicle is missing or has been stolen or abandoned.
 - d) The rental vehicle is the subject of an AMBER Alert. If the rental company uses the equipment in connection with this provision relating to an AMBER Alert, the rental company shall notify law enforcement that one of the rental company's vehicles is the subject of an AMBER Alert upon becoming aware of the situation, unless law enforcement has already informed the rental company that the vehicle was the subject of an AMBER Alert. (Civ. Code § 1939.23(a).)
- 5) Requires a rental car company taking advantage of the condition referenced in paragraph 4b above to provide notice of activation of the electronic surveillance technology 24 hours prior to activation, by telephone and electronically, unless the renter has not provided a telephone number or the renter has not agreed to electronic communication. The rental or lease agreement shall advise the renter that electronic surveillance technology may be activated if the rental vehicle has not been returned within 24 hours after the contracted return date or extension of the return date. The renter shall acknowledge this advisement in the rental or lease agreement by initials. The advisement shall also be made orally to the renter at the time of executing the rental or lease agreement, as provided. The advisements are not required to be made to members of the rental company's membership program executing a rental or lease agreement; however, a renter shall be given those advisements upon enrolling in the rental company's membership program. (Civ. Code § 1939.23(a).)

- 6) Requires a rental car company to maintain a record of information relevant to the activation of electronic surveillance technology, including information regarding communications with the renter and law enforcement. Existing law specifies that this information shall include the return date, the date and time the electronic surveillance technology was activated, and, if relevant, a record of written or other communication with the renter, including communications regarding extensions of the rental, police reports, or other written communication with law enforcement officials. (Civ. Code § 1939.23(a)(1)(B).)
- 7) Permits a rental company to equip its rental vehicles with certain electronic surveillance technology, but prohibits the rental company from using, accessing, or obtaining any information relating to the renter's use of the rental vehicle that was obtained using the electronic surveillance technology, except:
 - a) To discover or repair a defect in global positioning systems (GPS)-based technology that provides navigation assistance to the occupants of the rental vehicle.
 - b) To allow for the remote locking or unlocking of a vehicle at the request of the renter.
 - c) To provide roadside assistance, such as towing, flat tire, or fuel services at the request of the renter.
 - d) For the sole purpose of determining the date and time the vehicle departs from or is returned to the rental company, and the total mileage driven and the vehicle fuel level of the returned vehicle. (Civ. Code § 1939.23(b)-(c).)
- 8) Prohibits a rental car company from using electronic surveillance technology to track a renter in order to impose fines or surcharges relating to the renter's use of the rental vehicle. (Civ. Code § 1939.23(d).)
- 9) Provides that a rental company and renter will be responsible for no more than specified losses and damages. This includes loss due to theft of the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, provided that the rental company establishes by clear and convincing evidence that the renter or the authorized driver failed to exercise ordinary care while in possession of the vehicle. In addition, the renter shall be presumed to have no liability for any loss due to theft if (1) an authorized driver has possession of the ignition key furnished by the rental company or an authorized driver establishes that the ignition key furnished by the rental company was not in the vehicle at the time of the theft, and (2) an

authorized driver files an official report of the theft with the police or other law enforcement agency within 24 hours of learning of the theft and reasonably cooperates with the rental company and the police or other law enforcement agency in providing information concerning the theft. The presumption set forth in this subdivision is a presumption affecting the burden of proof which the rental company may rebut by establishing that an authorized driver committed, or aided and abetted the commission of, the theft. (Civ. Code § 1939.03.)

This bill:

- 1) Allows a rental company to use, access, or obtain information relating to the renter's use of the rental vehicle that was obtained using electronic surveillance technology, if the rental company uses geofence technology to detect the movement of a rental vehicle in either of the following circumstances:
 - a) The rental vehicle is moved outside of the country, if travel outside of the country is not authorized by the rental agreement.
 - b) The rental vehicle is moved into an impound or tow yard.
- 2) Requires a rental company to notify the renter that the vehicle has been detected within an impound or tow yard.
- 3) Provides that if a vehicle remains within the perimeter of the impound or tow yard for 24 hours after the required notification, the vehicle shall be deemed abandoned by the renter.
- 4) Deletes the presumption in favor of a consumer when determining liability for the theft of a vehicle where the consumer can establish that the ignition key was not in the vehicle at the time of the theft. The presumption is only established if the renter returns the key.

Background

In response to reports that rental car companies were misusing electronic surveillance technology in their vehicles to track the driving habits of renters, the Legislature created clear guidelines for when such technology could be used. Existing protections for renters' privacy prohibit a rental company's access to, or use of, information gathered using electronic surveillance technology, except in certain limited situations. This includes in response to a specific request from law enforcement pursuant to a subpoena or search warrant or when the vehicle is

missing or stolen. Just last year legislation authorized the use of this technology on unreturned vehicles 24 hours after a rental period has ended.

This bill now authorizes rental companies to use electronic surveillance technology to access information about a renter's use of the vehicle if it is deploying geofence technology showing the vehicle has moved out of the country or has moved into an impound or tow yard. Currently, in the event a rental car is stolen, a rental company can hold the consumer liable under certain circumstances. However, the law has certain protective but rebuttable presumptions against a consumer's liability. This bill rolls back one of the conditions affording this protection to consumers when a key is shown to not have been in the vehicle when stolen.

This bill is supported by the California Travel Association. It is opposed by the Consumer Federation of California and Consumers for Auto Reliability and Safety.

Comments

According to the author:

Since 2023, California has experienced the most auto thefts in the country. According to the National Insurance Crime Bureau, over 200,000 auto crimes have been reported in our state over the last two years. Rental car fleets are easy targets, since car theft rings face limited repercussions under current law. AB 1197 modernizes rental car recovery in the event of a theft or unauthorized usage of the vehicle.

This bill again expands the ability for rental companies to use, access, or obtain information relating to the renter's use of the rental vehicle through surveillance technology. This time this bill allows a rental company to use geofence technology to detect the movement of a rental that is moved outside of the country, if travel outside of the country is not authorized by the rental agreement; and where the rental vehicle is moved into an impound or tow yard.

Some concerns have been raised that this erodes consumers' privacy rights. The author responds: "It is not the intent of this bill to run counter to consumer protections or existing privacy laws. The language is written so that the use of geofencing technology is strictly limited to two circumstances." The author may wish to consider language that further refines the utilization of geofence technology, which is not defined in this bill. It is unclear if technology currently exists that would provide the location of a vehicle only if it crosses into certain areas and not

outside of those zones as would be required under this bill, as it is clear that no collection of location or any other attendant information is permissible unless the vehicle has entered the specified locations or another exception under existing law applies.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 7/16/25)

California Travel Association

OPPOSITION: (Verified 7/16/25)

Consumer Federation of California
Consumers for Auto Reliability and Safety

ARGUMENTS IN SUPPORT: The California Travel Association writes:

As a state known for our vibrant tourism industry—from coastal destinations and national parks to gateway cities—California depends on a rental car infrastructure that is secure, efficient, and responsive to customer needs. This legislation enables rental car companies to responsibly use location-based technologies to manage and protect their fleets, detect unauthorized movement, and recover stolen vehicles.

ARGUMENTS IN OPPOSITION: The Consumer Federation of California and Consumers for Auto Reliability and Safety write:

Modern vehicles are so highly technologically advanced that they are being dubbed “smartphones on wheels”. Although such services provide access to drivers’ data to enable customizable features, consumers have very limited control over what happens to their personal information—especially in cases where the car is rented rather than owned. A survey conducted by the non-profit Mozilla Foundation, titled “It’s official: Cars are the worst product category we have ever reviewed for privacy,” draws attention to the lack of control drivers have over the personal data collected by their vehicles. The survey findings indicate that security standards in this area are often unclear, which raises significant concerns given the automotive industry’s past vulnerabilities to hacking. Specifically, after analyzing 25 car brands, researchers identified several problematic practices common among most or all of these brands. These

problematic practices include excessive collection of personal data, sharing or selling consumers' data, and providing limited control to drivers over their personal data. The commodification of consumers' data is an ongoing concern, and allowing rental car companies access to consumers' private information significantly erodes decades of privacy protections in California. Instead of adding to existing protections, AB 1197 goes the opposite direction by weakening consumer protections, most importantly consumer privacy protections.

ASSEMBLY FLOOR: 73-0, 5/23/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bryan, Chen, Nguyen, Sanchez, Sharp-Collins, Wicks

Prepared by: Christian Kurpiewski / JUD. / (916) 651-4113
7/16/25 16:22:48

**** END ****