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THIRD READING

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Bill No: AB 1374  
Author: Berman (D), et al.  
Amended: 6/5/25 in Senate  
Vote: 21

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SENATE JUDICIARY COMMITTEE: 11-0, 6/24/25

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

NO VOTE RECORDED: Niello, Valladares

ASSEMBLY FLOOR: 71-1, 5/19/25 - See last page for vote

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**SUBJECT:** Rental passenger vehicle transactions: third parties

**SOURCE:** Consumer Federation of California

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**DIGEST:** This bill bolsters the law governing advertised rental vehicle rates.

**ANALYSIS:**

Existing law:

- 1) Governs the obligations arising from rental passenger vehicle transactions.  
(Civil (Civ.) Code § 1939.01 et seq.)
- 2) Defines “additional mandatory charges” as any separately stated charges that the rental company requires the renter to pay to hire or lease the vehicle for the period of time to which the rental rate applies, which are imposed by a governmental entity and specifically relate to the operation of a rental car business. (Civ. Code § 1939.01(c).)
- 3) Provides, that when providing a quote, or imposing charges for a rental, the rental company may separately state the rental rate, additional mandatory charges, if any, and a mileage charge, if any, that a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies. A rental

company shall not charge in addition to the rental rate, additional mandatory charges, or a mileage charge, as those may be applicable, any other fee that is required to be paid by the renter as a condition of hiring or leasing the vehicle. (Civ. Code § 1939.19(a).)

- 4) Requires a rental company, if additional mandatory charges are imposed, to do each of the following:
  - a) At the time the quote is given, provide the person receiving the quote with a good faith estimate of the rental rate and all additional mandatory charges, as well as the total charges for the entire rental. The total charges, if provided on a website, shall be displayed in a typeface at least as large as any rental rate disclosed on that page and shall be provided on a page that the person receiving the quote may reach by following a link directly from the page on which the rental rate is first provided. The good faith estimate may exclude mileage charges and charges for optional items that cannot be determined prior to completing the reservation based upon the information provided by the person.
  - b) At the time and place the rental commences, clearly and conspicuously disclose in the rental contract, or that portion of the contract that is provided to the renter, the total of the rental rate and additional mandatory charges, for the entire rental, exclusive of charges that cannot be determined at the time the rental commences. Charges imposed pursuant to this paragraph shall be no more than the amount of the quote provided in a confirmed reservation, unless the person changes the terms of the rental contract subsequent to making the reservation.
  - c) Provide each person, other than those persons within the rental company, offering quotes to actual or prospective customers access to information about additional mandatory charges, as well as access to information about when those charges apply. Any person providing quotes to actual or prospective customers for the hire or lease of a vehicle from a rental company shall provide the quotes in the manner specified. (Civ. Code § 1939.19(b).)
- 5) Provides additional pricing protections for renters, including disclaimers about additional fees for optional items or services and certain mileage or gas fees.

This bill:

- 1) Requires a rental company or third party to provide the total charges estimate for the entire rental, including all taxes and fees imposed by a government, as soon as dates, location, and vehicle type or class, which can include all vehicles, for the rental are provided to the rental company or third party.
- 2) Changes the requirement for rental companies to provide a good faith estimate of rates to a requirement to provide the total charges estimate of the rental rate.
- 3) Applies the statutory requirements governing disclosures associated with the costs of renting a car to third parties.
- 4) Provides that rental companies and third parties are not responsible for the failure of the other to comply with the relevant rental rate laws.
- 5) Requires a rental company or third party to clearly indicate the fuel source of the vehicle prior to completion of a reservation.

## **Background**

The issue of “junk” fees and other pricing schemes gained more prominence nationally when President Joe Biden took aim at them in his State of the Union address in February 2023. There are various types of pricing schemes generally deemed unfair or unlawful business practices and California has a host of laws aimed at rooting them out. This includes recent statutes that require pricing transparency and reasonable methods for cancellation of automatic renewal and continuous service offers.

Current law provides certain consumer protections for Californians and visitors renting cars from short-term rental car companies. One imposes requirements on the advertised rates for rental periods. Rental vehicle transactions are specifically exempted from a recent law aimed at combatting “drip pricing” and other junk fees. Concerns have arisen that some rental companies are not being fully transparent in their pricing schemes. Furthermore, there is concern that third parties advertising these rates are deceptive and need to be further regulated.

This bill updates the existing pricing transparency law applying to rental vehicle companies to require these companies to provide the total charges estimate for the entire rental, including all taxes and fees imposed by a government, as soon as dates, location, and vehicle type or class for the rental are provided to the rental

company or third party. Third parties are also incorporated into the regulatory scheme. This bill is sponsored by the Consumer Federation of California and supported by the Consumer Attorneys of California. It is opposed by Booking Holdings.

## **Comments**

To provide consumers with more effective price transparency protections, this bill requires rental companies to provide the total charges estimate for the entire rental, including all taxes and fees imposed by a government, as soon as dates, location, and vehicle type or class, which can include all vehicles, for the rental are provided to the rental company. This ensures a clear price is communicated to consumers once the key variables that greatly affect the final price are established. Given concerns that third parties are separately advertising rates in a deceptive manner, this bill imposes the obligations of the pricing law to third parties. To ensure neither party is held liable for the conduct of the other, this bill makes clear that a failure of a rental company or third party to comply with these provisions does not result in any liability for the other. This bill also requires clear disclosures about the fuel source of rental vehicles before a reservation is completed.

According to the author:

Deceptive price advertising, such as hidden or surprise fees, has significantly increased over time and frustrated consumers. In 2023, I authored legislation that was signed into law to address hidden fees in the hotel and short-term lodging industry. Similarly, consumers are not always shown the full price of a rental car upfront. After being drawn in with a lower initial price, additional mandatory fees and taxes are later revealed to consumers during the reservation process. While there are those in the rental car space that already provide upfront pricing on their websites, others have not been fully transparent. For those that do not provide the full price upfront, these deceptive tactics mislead consumers and limit their ability to comparison shop.

To ensure price transparency across the board, AB 1374 would require that the total estimated charges of a rental car be disclosed as soon as consumers select dates, rental location, and vehicle type. This bill is a continuation of consumer protection efforts to ensure that the upfront price is the real price consumers pay enabling consumers to make informed decisions and comparison shop.

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

**SUPPORT:** (Verified 6/25/25)

Consumer Federation of California (source)  
Consumer Attorneys of California

**OPPOSITION:** (Verified 6/25/25)

Booking Holdings

**ARGUMENTS IN SUPPORT:** The Consumer Federation of California, the sponsor of this bill, writes:

Consumers' time and money is valuable; therefore, they should not be deceived into rental car contracts that lack transparency in their pricing models and instead mislead consumers with low prices that are later not upheld. AB 1374 aims to address these challenges by ensuring that consumers are equipped with all the necessary information to make an informed decision and that businesses with fair practices are rewarded. Through this legislation, we can ensure a fair, competitive market that is driven by the consumer's best interest.

**ARGUMENTS IN OPPOSITION:** Booking Holdings argues:

Our mission is to make it easier for everyone to experience the world. We provide a marketplace built on transparency, trust, responsibility and fair competition, in order to serve our customers, who deserve choice, great value and an easy shopping experience.

Accordingly, we support price transparency in the travel sector which has been recently addressed in California and the nation by 2023's AB 537 (Berman) and SB 478 (Dodd), and the Federal Trade Commission's rule on accommodations and live event fees. As such, we feel that AB 1374 is unnecessary for addressing price transparency in the rental car sector, especially for third parties which, unlike rental agencies, are subject to the obligations added to the Consumer Legal Remedies Act with SB 478.

**ASSEMBLY FLOOR:** 71-1, 5/19/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin,

Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

NO VOTE RECORDED: Bains, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Papan

Prepared by: Christian Kurpiewski / JUD. / (916) 651-4113  
6/26/25 16:11:41

**\*\*\*\* END \*\*\*\***