

## CONCURRENCE IN SENATE AMENDMENTS

AB 1374 (Berman)

As Amended August 29, 2025

Majority vote

**SUMMARY**

This bill strengthens the law governing advertised rental vehicle rates by: requiring a rental company or third party to provide the total charges estimate for the entire rental; changing 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; applying the statutory requirements governing disclosures associated with the costs of renting a car to third parties; providing that rental companies and third parties are not responsible for the failure of the other to comply with the relevant laws; and requiring a rental company or third party to clearly indicate the fuel source of the vehicle prior to completion of a reservation.

**Senate Amendments**

Clarify third-party duties and disclosure requirements related to mandatory fees, and require rental companies and third parties to clearly indicate the fuel source of the vehicle prior to completion of a reservation.

**COMMENTS**

*Background.* Effective July 1, 2024, SB 478 (Dodd, Stats. 2023, Ch. 400) prohibits most businesses from "advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges" except for government taxes, fees, and shipping costs.<sup>1</sup> SB 478 was "intended to specifically prohibit drip pricing, which involves advertising a price that is less than the actual price that a consumer will have to pay for a good or service."

As SB 478 progressed, certain exemptions were added, including rental cars, which were already subject to a specific disclosure regime. Civil Code section 1939.19 requires rental companies, when providing a quote to separately state the rental rate, additional mandatory charges such as taxes, and a mileage charge, if any. Rental companies are prohibited from requiring renters to pay more than this amount. If additional mandatory charges are imposed, rental companies must provide a good faith estimate of the rental rate and all mandatory charges, as well as the total charges for the entire rental.

Despite this ostensibly robust disclosure regime, the bill's sponsor, Consumer Federation of California, has found that certain companies have failed to clearly disclose total estimated charges for the entire rental at the start of the reservation process, tacking on as much as \$100 dollars the tail end of the confirmation of the reservation. Additionally, concerns have been raised about the failure of third party platforms – which are not subject to the requirements described above – to provide upfront pricing for rental vehicles.

**According to the Author**

Deceptive price advertising, such as hidden or surprise fees, has significantly increased over time. In 2023, I authored legislation that was signed into law to address hidden fees in the

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<sup>1</sup> Civ. Code § 1770(a)(29).

hotel and short-term lodging industry. Similarly, consumers are not always shown the full cost of a rental car and some require consumers to click through multiple web pages—a gradual reveal strategy that economists call drip pricing. While there are some in the rental car space that already provide upfront pricing on their websites, others add on fees at the tail end of a transaction or confirmation of a reservation. For those that do not provide the total cost upfront, these deceptive tactics mislead consumers and limit their ability to comparison shop.

To ensure rental car upfront price transparency, AB 1374 would require that the total cost of a rental car be disclosed as soon as consumers select information such as dates. This bill is a continuation of consumer protection efforts to ensure that the advertised cost is the real price consumers pay and would allow consumers to make informed decisions.

### **Arguments in Support**

Consumer Federation of California, sponsor of the 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.

## **FISCAL COMMENTS**

As currently in print, this bill is keyed nonfiscal.

## **VOTES:**

### **ASM PRIVACY AND CONSUMER PROTECTION: 13-0-2**

**YES:** Bauer-Kahan, Dixon, Bryan, Irwin, Lowenthal, Macedo, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Wilson

**ABS, ABST OR NV:** DeMaio, Wicks

**ASSEMBLY FLOOR: 71-1-7**

**YES:** 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

**NO:** DeMaio

**ABS, ABST OR NV:** Bains, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Papan

**SENATE FLOOR: 29-3-8**

**YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

**NO:** Jones, Seyarto, Strickland

**ABS, ABST OR NV:** Alvarado-Gil, Choi, Dahle, Grove, Niello, Ochoa Bogh, Reyes, Valladares

**UPDATED**

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