

CONCURRENCE IN SENATE AMENDMENTS

AB 1640 (Stefani and Lowenthal)

As Amended August 13, 2026

Majority vote

SUMMARY

This bill prohibits a person from selling or transferring, or facilitating the sale or transfer of, a restaurant reservation for an amount higher than the price they paid for the reservation, unless the person has a written agreement with the restaurant expressly permitting them to charge a higher amount.

Senate Amendments

- 1) Deleted provisions creating a new special fund for the deposit of civil penalties collected by the Attorney General. Instead, the penalties are required to be deposited in the Public Rights Law Enforcement Special Fund.
- 2) Clarifies that the provisions only apply to restaurants in the state.

COMMENTS

Restaurants are a cornerstone of American social life: job promotions, birthdays, anniversaries, and more are often best celebrated over a meal with family and friends at a favorite restaurant or a trendy new eatery. However, a growing market for "pirated" restaurant reservations seeks to profit off the backs of these establishments' hard-earned reputations by price-gouging reservations that are typically free. Customers are forced to either fight for reservations directly from the restaurant or pay exorbitant fees for a table. Restaurants are also harmed by reservation piracy: selling reservations may cause restaurants to believe that they are booked when they actually are not, leading to over-purchasing of ingredients and overstaffing. Restaurant owners lose profit, staff lose tips, and customers miss out on a great meal.

This bill, sponsored by the California Restaurant Association, seeks to mitigate this issue by prohibiting a person from selling a restaurant reservation for more than the amount paid for the reservation, unless the person has express written authorization from the restaurant. Violators would be subject to a civil action brought by public prosecutors or private entities harmed by a violation. The bill has no registered opposition.

According to the Author

California's restaurants are essential to our communities and local economies, yet they are increasingly targeted by unauthorized reservation resellers that exploit their reservation systems and monetize a restaurant's inventory, tables, and experiences – all without consent. AB 1640 protects restaurants and consumers by prohibiting these deceptive practices, ensuring that only those with a written agreement can list or sell reservations. This bill also establishes penalties for violators, empowers the Attorney General to take legal action, and creates a state fund to support enforcement efforts. By holding bad actors accountable, AB 1640 safeguards small businesses and ensures a fair, transparent reservation process for all.

Arguments in Support

The California Restaurant Association, sponsors of the bill, argue:

This bill protects restaurants and consumers by banning a deceptive practice that results in a loss of revenue for businesses that experience reservation no-shows and reduced opportunities for the public to dine at their favorite establishments.

The CRA is the unified voice of the restaurant industry – advocating for nearly 22,000 neighborhood restaurants. Our members constantly look for ways to help maximize occupancy in their establishments, which increasingly includes the use of integrated reservation systems. While restaurateurs use these systems to make booking reservations seamless for customers, there has been a rise in unauthorized third-party reservation services that use bots and fake profiles to hoard reservations and then resell them for a profit – monetizing a restaurant's inventory of tables in a dining room and creating arbitrary economic barriers for guest access.

Restaurants invest in staffing, product procurement, developing brand reputation, and reservation services. When these third parties insert themselves into that system without an agreement and harm the complex system present for reservations, it creates several hardships for consumers and restaurants. Firstly, customer confusion – guests may assume that the establishment is involved in the reservation markup, possibly devaluing the experience for the guest because of the increased expectations that come with an inflated price. Consequently, this has created a system where only people with the means to pay for inflated reservation prices can acquire them and enjoy these restaurants.

Moreover, operational disruptions may arise from the mishandling of reservations by these third parties, potentially harming the guest experience and the reputation of the restaurant. Similarly, when these third parties are unable to resell reservations, nobody shows up – resulting in a situation where employees lose a tipped-earning opportunity, and the restaurants experience a revenue loss. These no-shows are especially harmful for neighborhood restaurants that rely on legitimate reservations to plan for anticipated costs.

Ultimately, unauthorized third-party reservation companies profit by charging exorbitant fees for reservations while making no investment or taking any risk in that same restaurant. AB 1640 is a sensible measure that helps restore control of a dining room back to restaurant operators, while removing artificial economic barriers of entry for potential guests.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

Unknown, potentially significant workload cost pressures to the state funded trial court system to adjudicate any civil cases filed as a result of this bill (Trial Court Trust Fund, General Fund). The fiscal impact of this bill to the courts will depend on many unknowns, including the number of cases filed and the factors unique to each case. An eight-hour court day costs approximately \$8,000 in staff in workload. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

VOTES:**ASM PRIVACY AND CONSUMER PROTECTION: 15-0-0**

YES: Bauer-Kahan, Macedo, Bryan, DeMaio, Hoover, Irwin, Lowenthal, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Wicks, Wilson

ASM JUDICIARY: 12-0-0

YES: Kalra, Macedo, Lee, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2

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

ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

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