

CONCURRENCE IN SENATE AMENDMENTS

AB 723 (Pellerin)

As Amended September 5, 2025

Majority vote

SUMMARY

This bill would require that a digitally-altered image used in an advertisement or other promotional material for the sale of real estate include a reasonably conspicuous statement located on or near the image stating that the image has been digitally altered and language indicating that the unaltered images can be accessed on a linked internet website, URL, or QR code. Images adjusted with common photo-editing software adjusting lighting, sharpening, white balance, color correction, angle, straightening, cropping, exposure, or other common photo-editing adjustments that do not change the representation of the real property are not included in this requirement.

Senate Amendments

- 1) Requires, the real estate broker or salesperson, or a person acting on their behalf to include a link to an internet website, URL, or QR code that clearly identifies the original, unaltered images without digital alteration.
- 2) Adds to "digitally altered image" fixtures, paint color, hardscape, landscape, façade, floor plans and elements outside of, or visible from, the property, including, street lights, utility poles, views through windows, and neighboring properties.
- 3) Makes various clarifying changes.

COMMENTS

Real estate salespeople and property owners have been staging sale properties for decades. On trend furniture and décor are temporarily moved into an empty property and arranged in visually pleasing ways to give buyers an idea of the home's potential. If the sellers are still living in the property, a home staging service can suggest ways for the owner to declutter and depersonalize the space in preparation for photos and open houses.

Digital staging is a useful and economical way to portray a real estate listing in its best light. Digital staging can insert or change elements of a property including furniture, décor, landscaping, and bathroom or kitchen elements to highlight the home's possibilities. It can also remove elements from images including out-of-date furniture and décor, as well as personal belongings. Virtual staging can become misleading when it is used to substantially alter the condition of the property, including by improving unappealing views from windows that cannot be changed, changing paint colors, removing unsightly features, adding landscape plantings, repairing damage, and upgrading fixtures. Realtors in California have a duty to avoid deceptive

advertising, as outlined in California Association of Realtors guides and National Association of Realtors Codes of Ethics.^{1 2}

The end goal of including a disclosure and an unaltered version of, or link to, an image is to alert consumers to look at the image with a dose of skepticism. This bill would help protect California's consumers shopping for real estate by enabling them to know whether or not what they see in advertisements is indeed real, or if they need to investigate the actual condition of the property further.

The most recent amendments adopted in the Senate are intended to address some of the oppositions concerns.

According to the Author

Increasingly, real estate listings are using AI-manipulated images of the unit, or "digitally staged" photos, to show significantly enhanced versions of the unit to prospective consumers. Without disclosures or photos of the actual state of the listing, consumers are misled into investing time and money into real estate listings that are not in fact like the photos they may see online.

AB 723 will require that unaltered photos of real estate listings be included alongside with the altered photos in online listings. This will ensure that consumers can identify where and which elements have been altered in the listing photos. Furthermore, AB 723 will require a disclosure on the digitally altered images to indicate that they have had elements added, removed, and, or, changed.

Arguments in Support

In support of AB 723, Consumer Federation of California writes:

Tricks to make properties look bigger and better than they really are have existed in the real estate industry since it first existed. Today, with the advancement of technology these tricks are easier than ever. But consumers are far too often misled by such images, only to waste their valuable time and effort when they actually see the property in person. To many consumers this feels like a bait and switch tactic, and we would argue that in some cases this is an unfair business practice. AB 723 takes modest steps to make the digital manipulation of images better known to the consumer.

Arguments in Opposition

In opposition of AB 723, California Realtors Association argues:

AB 723 is an overly burdensome measure that is duplicative of existing law, imposes impractical requirements on licensees, and risks unintended consequences without delivering meaningful additional consumer protections.

¹ California Association of Realtors, "Staging Properties Quick Guide," www.car.org/-/media/CAR/Documents/Transaction-Center/PDF/QUICK-GUIDES/Quick-Guide---Staging-Properties.pdf.

² National Association of Realtors, "2025 Code of Ethics & Standards of Practice," www.nar.realtor/about-nar/governing-documents/code-of-ethics/2025-code-of-ethics-standards-of-practice.

Poorly drafted proposed amendments to the bill would further serve to confuse both licensees and consumers by complicating the language of the required disclosure as well as creating confusion as to when the disclosure is required.

California law already prohibits false or misleading advertising in real estate under Business and Professions Code Sections 10140 and 10177. Brokers and salespeople who misrepresent a property's condition are also currently subject to disciplinary action by the Department of Real Estate. Thus, the provisions of AB 723 add duplicative regulations rather than enhancing the enforcement of existing applicable statutes.

FISCAL COMMENTS

- 1) Possible costs (General Fund, special funds) to the Department of Justice (DOJ) of an unknown amount. Actual costs will depend on whether the Attorney General pursues enforcement actions, and, if so, the level of additional staffing needed by DOJ to handle the related workload. If DOJ hires staff to handle enforcement actions authorized by this bill, the department would incur significant workload costs, likely in the low hundreds of thousands of dollars annually at a minimum. If DOJ does not pursue enforcement as authorized by this bill, the department would likely not incur any costs.
- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown amount to the courts to adjudicate enforcement actions. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2024-25 state budget provides \$37.3 million ongoing General Fund to backfill declining revenue to the Trial Court Trust Fund.

VOTES:

ASM PRIVACY AND CONSUMER PROTECTION: 14-0-1

YES: Dixon, Berman, Bryan, DeMaio, Irwin, Lowenthal, Macedo, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Wilson

ABS, ABST OR NV: Bauer-Kahan

ASM APPROPRIATIONS: 13-0-2

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Tangipa

ABS, ABST OR NV: Sanchez, Ta

ASSEMBLY FLOOR: 66-2-11

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

NO: Ellis, Hoover

ABS, ABST OR NV: Bains, Castillo, Chen, Flora, Gallagher, Jeff Gonzalez, Hadwick, Lackey, Ramos, Ta, Zbur

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