
UNFINISHED BUSINESS

Bill No: SB 791
Author: Cortese (D), et al.
Amended: 9/2/25
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 12-1, 4/22/25
AYES: Cortese, Strickland, Archuleta, Arreguín, Cervantes, Dahle, Gonzalez, Grayson, Limón, Richardson, Umberg, Valladares
NOES: Blakespear
NO VOTE RECORDED: Menjivar, Seyarto

SENATE FLOOR: 29-1, 6/3/25
AYES: Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Strickland, Umberg, Wahab, Weber Pierson
NOES: Stern
NO VOTE RECORDED: Allen, Blakespear, Cabaldon, Hurtado, Menjivar, Niello, Ochoa Bogh, Reyes, Valladares, Wiener

ASSEMBLY FLOOR: 60-3, 9/8/25 - See last page for vote

SUBJECT: Vehicle dealers: document processing charge

SOURCE: California New Car Dealers Association

DIGEST: This bill increases the document processing fee a car dealer is allowed to charge a customer to 1% of the cost of the vehicle up to \$260, and sunsets the provisions of this bill on January 1, 2031.

Assembly Amendments lower the cap on document processing charge from \$500 to \$260, repeal all of the provisions of the bill on January 1, 2031, exempt local governmental entities from the increased charge, add consumer notification requirements related to the charge, and clarify that dealers may not collect any other charge for the preparation and processing of documents.

ANALYSIS:

Existing law:

- 1) Authorizes a dealer that has a contractual agreement with the DMV to be a private industry partner to set the document processing charge at up to \$85, and authorizes all other dealers to set the document processing charge at up to \$70. (Vehicle Code Section (VEH) 4456.5).
- 2) Makes it a misdemeanor with the possibility of occupational license suspension for a dealer to advertise a specific vehicle for sale without disclosing the total price of the vehicle including all costs to the purchaser at the time of sale, except taxes, vehicle registration fees, the California tire fee, emissions testing and the dealer document processing charge. (VEH 11713.1)
- 3) Requires the advertisement of the vehicle to include that there will be additional costs to the advertised price of the time of the sale. (VEH 40000.11)

This bill:

- 1) Increases the document processing fee a car dealer is allowed to charge a customer to 1% of the cost of the vehicle up to \$260, and sunsets the provisions of this bill on January 1, 2031.
- 2) Exempts the State of California or any local governmental entity including cities, counties, cities and counties, and special districts from having to pay the document fee.
- 3) Requires a dealer to conspicuously display a notice in each sales office and sales cubicle of a dealer's established place of business that states that "the dealer is authorized to collect a document processing charge that varies based on the price of the vehicle, but shall in no event exceed \$260. This charge is not a government fee."
- 4) Requires the car dealer to provide to the customer, prior to the execution of the sales or lease agreement, a disclosure that includes the specific amount of the document processing charge and the statement "The dealer is authorized to collect a document processing charge in the final contract. This charge is not a government fee."
- 5) Prohibits the a car dealer from collecting any other charge for the preparation and processing of documents, disclosures, and titling, registration, and

information security obligations unless expressly authorized by state or federal law.

- 6) Makes it a misdemeanor if a dealer, in its advertisement with the vehicle, fails to disclose that there is a document processing charge not to exceed \$260. Authorizes the Department of Motor Vehicles (DMV) to suspend or revoke a dealer license for failing to make this disclosure.
- 7) Repeals all of the provisions of this bill on January 1, 2031 and reverts back to existing law.

Comments

- 1) *Purpose of the bill.* According to the author, “SB 791 modernizes the non-governmental charge that auto dealerships may collect when selling or leasing a vehicle to ensure that dealerships and their employees can recover their costs and continue providing important services for consumers at the time of vehicle purchase.

“At the time of vehicle purchase, California auto dealerships provide a one-stop-shop of consumer services, including DMV transactions, loan processing, privacy and fraud protection, contract translation, vehicle trade-in services, warranty services, and more. Under existing law, auto dealerships are statutorily authorized to collect a "document processing charge" (DPC) to cover these services. The DPC is not a fee or a tax, but a voluntary, non-governmental charge that helps pay for the substantial staff time and technology required to complete the many sale and document processing services associated with the transaction.

“To cover the substantial staff time and costs of technology and equipment associated with these obligations, California currently allows auto dealerships to collect a maximum DPC of \$85 per transaction. The DPC—like other consumer charges—must be itemized and explicitly disclosed to consumers on both the contract and pre-contract disclosure.

“California's statutory maximum of \$85 is by far the lowest DPC in the country and amounts to ¼ of the national average, which is approximately \$375.”

- 2) *What is a document processing fee?* When a buyer/lessee purchases a car, dealerships are required to prepare, file, transmit, and store a variety of required forms. DMV’s electronic vehicle registration (EVR) program has outsourced some of the vehicle licensing and titling functions to willing motor vehicle dealers. Dealerships are allowed to charge car buyers a documentation

processing fee to cover the cost of preparing and filing those documents. Willing dealers can participate in the Business Partner Automation (BPA) program, meaning that the dealer has a contractual agreement with DMV to be a private industry partner and these dealers communicate electronically with DMV to register the vehicles and then mail the license plates, registration cards, and tags to the buyer. Those dealers participating in the BPA program may charge buyers up to \$85 per transaction.

This fee is not a governmental fee and is not required or collected by DMV. Typically this fee is listed as a “Document Processing Charge (not a governmental fee)” on an itemized list of charges included in final price of the vehicle. However, the fee is often not advertised or discussed when the dealer and the potential buyer are negotiating the price of the vehicle, but rather comes at the end of the process.

- 3) *Cost recovery.* The current \$85 fee, which is set in statute, is the lowest in the country. The California New Car Dealers Association, the sponsor of this bill, contends that the \$85 fee is insufficient to adequately cover the administrative and technological costs needed to complete the processing. Under this bill, the fee dealers can charge customers would be raised to 1% of the cost of the vehicle up to \$260. This bill exempts state and local governmental entities from being charged the increased fee.
- 4) *Customer disclosure.* In an effort to make the document fee more transparent, this bill requires dealers to disclose that the advertised price does not include a document fee, which may be as high as \$260. Failure to do so is a misdemeanor, with the ability for the DMV to take actions against the dealer's license. This bill requires the contract to include a statement that the document fee is not a government fee and dealer offices are also required to include disclosures regarding the document fee. Failing to do so authorizes DMV to take action against the dealer's license to operate.

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

According to Assembly Appropriations Committee:

- 1) This bill is likely to result in additional consumer complaints to DMV. Actual costs are difficult to estimate and will depend on the number of complaints DMV receives, but it is reasonable to assume costs may be significant.

DMV describes the workload this bill is likely to create as resulting from handling increased consumer complaints, enforcing proper fee application and

updating public materials and dealer guidance. DMV contends a reasonable estimate of resulting costs to be \$180,000 annually (Motor Vehicle Account (MVA)).

MVA is the primary funding account for DMV and the California Highway Patrol (CHP). DMV notes the MVA is facing insolvency and references a report by the Legislative Analyst's Office (LAO) that recommended, "Until a plan is put in place to address MVA's structural deficit, we recommend the Legislature set a high bar for considering approval of any proposals that create additional MVA cost pressures and accelerate the risk of insolvency."

DMV further notes that the summary of the May revise to the 2025-26 Governor's Budget observed:

Given the ongoing fiscal constraints in the MVA, the Administration will continue to prioritize fiscal discipline. This means limiting new workload or initiatives including those with delayed implementation dates that would create additional cost pressures over time. By focusing on core operational priorities, the DMV can serve Californians while staying within available MVA resources.

- 2) A violation of this bill's provisions is a misdemeanor and, therefore, it may create cost pressures (General Fund (GF) or Trial Court Trust Fund (TCTF)) of an unknown, but potentially significant amount, to the courts in additional resulting from an increased number criminal actions. It is unclear how many additional actions may be filed statewide, but the cost of one hour of court time is approximately \$1,000. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF to perform existing duties. The Budget Act of 2025 provides \$82 million ongoing GF to the TCTF for court operations.

SUPPORT: (Verified 9/8/25)

California New Car Dealers Association (Source)

Carmax

Cmda-california Motorcycle Dealers Association

Enterprise Mobility

Greater Los Angeles New Car Dealers Association

Independent Automobile Dealers Association of California

New Car Dealer Association San Diego County

Orange County Automobile Dealers Association

OPPOSITION: (Verified 9/8/25)

California Alliance for Retired Americans
California Low-income Consumer Coalition
Community Legal Services of East Palo Alto
Consumer Attorneys of California
Consumer Federation of America
Consumer Federation of California
Consumer Reports
Consumers for Auto Reliability & Safety
Courage Campaign
Dolores Huerta Foundation
Housing & Economic Right Advocates
National Consumer Law Center
National Consumers League
Parkwest Bicycle Casino
Public Counsel
Public Law Center
Starting Over Strong

ARGUMENTS IN SUPPORT: Writing in support, the California New Car Dealers Association and a coalition of vehicle dealers state, “[w]hen examined in a historical context, California’s DPC of \$85 has not kept even close to pace with inflation or the increasing costs that dealers face in complying with ever-increasing state law and regulations. California’s DPC is the lowest in the nation—less than 1/5 of the national average (\$433)—despite the fact that California’s car dealerships are subject to the most stringent document processing and compliance requirements in the country with up to 113 state-mandated obligations they must perform during the car buying process on behalf of the state and consumer. California’s new car dealerships provide a wide range of document processing services that benefit consumers – saving significant time, money, and hassle, while ensuring consumers are protected.”

ARGUMENTS IN OPPOSITION: Writing in opposition, the California Alliance for Retired Americans and a coalition of consumer advocacy organizations states, “[c]ar dealer document fees are the epitome of a “junk fee” that fails to reflect what the service actually costs dealers to provide, is not required to be disclosed up front, and is presented at the end of the transaction along with governmental fees, creating the false impression that it is an “official” fee and is non-negotiable. Historically, increases in the document fee have been incremental, and were the subject of negotiations so that they related to improvements in protections for car

buyers. However, SB 791 does nothing to improve services or protections for consumers, and is totally one-sided in favor of car dealers at the expense of consumers.”

ASSEMBLY FLOOR: 60-3, 9/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Gipson, Jeff Gonzalez, Mark González, Hadwick, Hart, Hoover, Jackson, Johnson, Kalra, Krell, Lowenthal, Macedo, Pacheco, Papan, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Blanca Rubio, Sanchez, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Boerner, Irwin, Lee

NO VOTE RECORDED: Arambula, Bains, Bauer-Kahan, Connolly, DeMaio, Garcia, Haney, Harabedian, Lackey, McKinnor, Muratsuchi, Nguyen, Ortega, Patel, Celeste Rodriguez, Rogers, Schiavo

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