



September 15, 2025

Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Request for VETO

SB 791 (Cortese): Car dealer "document fee" 3X increase

Dear Governor Newsom:

The organizations signing into this letter respectfully request that you veto SB 791 (Cortese), which would drastically and exponentially increase the amount car dealers in California, including Tesla, which is licensed as a dealer, may charge as a "document processing fee" at a time when car prices are projected to skyrocket due to tariffs, when California needs to focus on making cars more affordable.

Currently, the cap on car dealer document fees is \$85 for dealers who have a contractual agreement with the Department of Motor Vehicles (DMV) to be a private industry partner and \$70 for all other dealers. This bill would authorize car dealers to charge a document processing charge that exceeds those amounts, allowing them to charge up to 1% of the total price of the vehicle, capped at \$260 – more than triple the current amount.

This would cost California new and used car buyers hundreds of millions of dollars each year – adding to the already high price of cars at a time when tariffs are projected to make the cost of motor vehicles skyrocket.

We oppose SB 791 for the following reasons:

- Car 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 in the price of the car, 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 California's new and used car buyers and small business owners.
- For decades, California has consistently had the lowest cap for doc fees, among all 50 states. However, this bill would allow car dealers to increase the fee to \$260, an amount exceeding a number of other states, including Texas, Arkansas, and Iowa:¹

STATE	DOC FEE CAP
Arkansas	\$129
Iowa	\$180
New York	\$175
Oregon	\$115, or \$150 if filed electronically
Texas	\$225
Washington	\$200
West Virginia	\$250

- The sponsors of SB 791 claim that one supposed justification for the increase is the cost of preparing loan documents. However, they fail to disclose that car

¹ Edmunds: “What New Car Fees Should You Pay? A guide to doc fees, plus other new and used car buying fees,” May 14, 2025. Posted at: <https://www.edmunds.com/car-buying/what-fees-should-you-pay.html>

dealers typically receive hefty kickbacks from lenders in exchange for assigning loans, and in fact that function is one of the most lucrative sources of profits for car dealers.

- Document fees are hidden costs that are not disclosed up front, in the advertised price. This is anti-competitive. If car buyers were fully informed up front about the costs, they might choose alternatives, such as purchasing vehicles from private parties and / or joining their local auto club (AAA), which typically provides car title transfer, licensing, and registration services to members for a relatively small fee, or no fee at all.
- The timing could not be worse, with the price of cars predicted to skyrocket due to tariffs. Instead of adding to the price of buying a car in California in order to benefit car dealers, the Legislature and Governor should work together to reduce the costs imposed on car buyers and make buying a car less risky and more affordable.
- Car dealers have been raking in record profits, while consumers are increasingly struggling to make ends meet.
- The biggest beneficiaries of this bill would be high-volume car dealership entities that are publicly traded on Wall Street and have headquarters based in other states, including the following multi-billion dollar companies:
 - Tesla
 - AutoNation
 - CarMax
 - Lithia Motors
- The J.D. Power report cited by the sponsors as justification for the huge increase is questionable, at best. For instance, according to Zip Recruiter, the average annual pay for a dealership finance and insurance manager is currently over \$144,000.² (Salaries are typically supplemented by bonuses and commissions.) This is because F&I profits for car dealers are soaring, and handling much of the paperwork specified by the report entails selling financing and other products that are extremely lucrative for car dealers. Therefore, it would be a mistake to accept the figures in the J.D. Power report at face value.

For the reasons stated above, we must oppose this measure and strongly urge you to veto SB 791.

Thank you for considering our views.

² "Car Dealership Finance Manager Salary," ZipRecruiter, May 9, 2025. Posted at: <https://www.ziprecruiter.com/Salaries/Car-Dealership-Finance-Manager-Salary>

Sincerely,

Dolores Huerta, President
Dolores Huerta Foundation

Rosemary Shahan, President
Consumers for Auto Reliability and Safety

Robert Herrell, Executive Director
Consumer Federation of California

Saveena Takhar, Esq. MBA, Senior Legislative Counsel
Consumer Attorneys of California

Arthur Levy, Director of Litigation
Housing and Economic Rights Advocates

Stephanie Carroll, Directing Attorney, Consumer Rights and Economic Justice
Public Counsel

Chuck Bell, Programs Director, Advocacy
Consumer Reports

Ted Mermin, Executive Director
California Low Income Consumer Coalition (CLICC)

Hene Kelly, Legislative Director
California Alliance for Retired Americans (CARA)

Erin Witte, Director of Consumer Protection
Consumer Federation of America

Sally Greenberg, Executive Director
National Consumers League

Ruth Susswein, Director of Consumer Protection
Consumer Action

Katrina Logan, Esq.
Executive Director
Community Legal Services in East Palo Alto

Suzanne Iazzetta
Directing Attorney
Public Law Center

John Van Alst
Senior Attorney & Project Director
National Consumer Law Center

Irene Kao, Executive Director
Courage California

Heidi Pickman
Vice President, Engagement and External Relations
CAMEO Network

Bianca Blomquist
California Director
Small Business Majority