

**DEPARTMENT OF CONSUMER AFFAIRS
TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS
DIVISION 33.**

BUREAU OF AUTOMOTIVE REPAIR

Notice Of Proposed Regulatory Action Concerning: Tear Down Disclosure Requirements for Automotive Repair Dealers

NOTICE IS HEREBY GIVEN that the Bureau of Automotive Repair (Bureau) is proposing to take the action described in the Informative Digest below, after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

The Bureau has not scheduled a public hearing on this proposed action. However, the Bureau will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days prior to the close of the written comment period. A hearing may be requested by making such request in writing addressed to the individuals listed under “Contact Person” in this notice.

WRITTEN COMMENT PERIOD

Written comments relevant to the action proposed, including those sent by mail, facsimile, or e-mail to the addresses listed under “Contact Person” in this Notice, must be received by the Bureau at its office no later than **by Monday, December 16, 2024**, or must be received by the Bureau at the hearing, should one be scheduled.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by sections 9882 and 9884.9 of the Business and Professions Code (BPC), and to implement, interpret, or make specific BPC section(s) 9884.8, 9884.9, 9889.50, 9889.52, the Bureau is considering amending section 3303 of Title 16, Division 33, Chapter 1, Article 1 of the California Code of Regulations (CCR) and sections 3352 and 3353 of Title 16, Division 33, Chapter 1, Article 7 of the CCR.

INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW

In 1971, the Legislature adopted the Automotive Repair Act (Business and Professions Code (BPC) § 9880 et seq.) to protect consumers from fraud and ensure their ability to make informed choices in automotive repair transactions. The Act established the Bureau of Automotive Repair within the California Department of Consumer Affairs (DCA) to interpret and enforce its requirements. A critical means by which the Bureau protects consumers seeking automotive repairs is its oversight of the documents and disclosures provided to consumers before, during, and after a repair transaction performed by a licensed automotive repair dealer.

Existing law authorizes the Bureau to adopt regulations pursuant to BPC section 9882. BPC section 9884.9 provides estimate requirements to be disclosed to consumers by automotive repair dealers prior to beginning work.

The goal of existing law and this regulatory proposal is to foster transparency by automotive

repair dealers, having them provide clear estimates of work for consumers and requiring consumer authorization prior to beginning the work.

This regulatory proposal will clarify terms and definitions regarding estimate requirements related to the repair of a vehicle and payment by third-party payors. The regulatory proposal will clarify tear down estimate requirements and estimates involving an insurance claim or third-party payor.

This regulatory proposal will require estimates to include the costs and associated information related to a vehicle tear down when tear down is needed in order to perform a repair.

Another goal of the regulatory proposal is to foster transparency by automotive repair dealers by requiring them to inform consumers of the portion of payment insurance companies or third-party payors are responsible for regarding the repair of a vehicle. Requiring automotive repair dealers to clearly communicate the total cost of the repair, the portion of payment the third-party payer will provide, and any remaining costs to the consumer to complete the work will prevent payment surprises to the consumer.

The Bureau proposes to amend existing section 3303 of Article 1 of Chapter 1 of Division 33 of Title 16 of the CCR and sections 3352 and 3353 of Article 7 of Chapter 1 of Division 33 of Title 16 of the CCR as follows:

- Make grammatical edits to existing text
- Add new definitions
- Add clarifying language to existing definitions
- Clarify estimate requirements relating to vehicle tear downs
- Require the disclosure of the estimated payment that will be provided by a third-party payor on the estimate

ANTICIPATED BENEFITS TO THE PROPOSED REGULATION

The Bureau has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents:

Providing additional and updated definitions will increase clarity for the industry regarding automotive repair dealers' responsibilities when providing repair estimates to customers. The proposed changes will clarify the responsibilities of the automotive repair dealer when they provide the customer with a repair estimate prior to obtaining authorization to perform any repairs. In turn, this will increase clarity the customer has regarding the payment amount they will be responsible for after any payment provided by a third-party payor. The proposed regulations amend and add language in order to increase transparency on the repair estimate provided to the customer, enhancing public protection, which benefits California residents.

This regulatory proposal does not affect worker safety or the state's environment.

EVALUATION OF CONSISTENCY AND COMPATIBILITY WITH EXISTING STATE REGULATIONS

During the process of developing this regulatory proposal, the Bureau has conducted a search of any similar regulations on these topics and has concluded that these regulations are neither

inconsistent nor incompatible with existing state regulations.

DISCLOSURES REGARDING THIS PROPOSED ACTION FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The regulations do not result in a fiscal impact to the state. This proposal is intended to clarify cost estimate and disclosure requirements pertaining to tear downs, as specified. Any workload and costs of implementation are a result of current law.

There is no fiscal impact to the state in the form of federal funding or any cost or savings to any state agency.

Nondiscretionary Costs/Savings to Local Agencies: None

Mandate Imposed on Local Agencies or School Districts: None

Cost to any Local Agency or School District for which Government Code Sections 17500 - 17630 Require Reimbursement: None

Significant Effect on Housing Costs: None

BUSINESS IMPACT ESTIMATES:

The Bureau has made the initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

There are no new reporting or recordkeeping requirements mandated, nor are there any performance standards imposed, technologies or equipment specified, or specific actions or procedures prescribed beyond what is currently required.

The proposed action merely clarifies existing statutory requirements and the provisions of current regulation. In addition, the proposed action will recognize a current industry standard of practice adhered to by almost all automotive repair dealers. Therefore, the proposed action will not require the industry to do anything differently than they do now, and there will be no impact from the changes to current regulation.

Cost Impact on Representative Private Person or Business:

The Bureau is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

RESULTS OF ECONOMIC IMPACT ASSESSMENT / ANALYSIS:

This Bureau has determined that this regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the proposal will only require automotive repair dealers to provide additional information on the work order repair estimates provided to customers.
- It will not create new businesses or eliminate existing businesses within the State

of California because the proposal will only require automotive repair dealers to provide additional information on the work order repair estimates provided to customers.

- It will not affect the expansion of businesses currently doing business within the State of California because the proposal will only require automotive repair dealers to provide additional information on the work order repair estimates provided to customers.
- This regulatory proposal benefits the health and welfare of California residents because it increases transparency regarding payment responsibility, requiring automotive repair dealers to include more repair estimate information pertaining to the work to be done, and any payment portion provided by an insurer or third-party payor.
- This regulatory proposal does not affect worker safety because it does not involve worker safety.
- This regulatory proposal does not affect the state's environment because it does not involve the environment.

Business Reporting Requirements

The regulatory action does not require businesses to file a report with the Bureau.

Effect on Small Business

The Bureau has determined that the proposed regulations may affect small businesses. However, the Bureau does not maintain data relating to the number or percentage of licensees who own a small business; therefore, the number or percentage of small businesses that may be impacted cannot be predicted.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Bureau must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed; as effective and less burdensome to affected private persons than the proposal described in this Notice; or more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may submit comments—relevant to the above determinations—in writing to the Bureau at 10949 North Mather Boulevard, Rancho Cordova, CA 95670 during the written comment period, or at the hearing if one is scheduled or requested.

AVAILABILITY OF STATEMENT OF REASONS AND RULEMAKING FILE

The Bureau has compiled a record for this regulatory action, which includes the Initial Statement of Reasons (ISOR), proposed regulatory text, and all the information on which this proposal is based. This material is contained in the rulemaking file and is available for public inspection upon request to the contact persons named in this notice.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, the Initial Statement of Reasons, and all of the information upon which the proposal is based, may be obtained upon request from the Bureau at 10949 North Mather Boulevard, Rancho Cordova, California 95670.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments, the Bureau, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal, with the modifications clearly indicated, will be available for review and written comment for 15 days prior to its adoption from the person designated in this Notice as the Contact Person and will be mailed to those persons who submit written comments or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the Final Statement of Reasons once it has been prepared by making a written request to the Contact Person named below or by accessing the website listed below.

CONTACT PERSONS

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Kayla Shelton
Address: Bureau of Automotive Repair
10949 North Mather Boulevard
Rancho Cordova, CA 95670
Telephone No.: (916) 403-0307
E-Mail Address: kayla.shelton@dca.ca.gov

The backup contact person is:

Name: Bill Thomas
Address: Bureau of Automotive Repair
10949 North Mather Boulevard
Rancho Cordova, CA 95670
Telephone No.: (916) 403-8187
E-Mail Address: bill.thomas@dca.ca.gov

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations with modifications noted, as well as the Final Statement of Reasons when completed, and modified text, if any, can be accessed through the Bureau website at <https://bar.ca.gov/regulatory-actions>