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AB-1197 Rental passenger vehicles: electronic surveillance technology: renter liability for loss due to theft. (2025-2026)

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Assembly Bill No. 1197

CHAPTER 449

An act to amend Sections 1939.03 and 1939.23 of the Civil Code, relating to rental passenger vehicles.

[Approved by Governor October 07, 2025. Filed with Secretary of State October 07, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1197, Calderon. Rental passenger vehicles: electronic surveillance technology: renter liability for loss due to theft.

Existing law generally governs the transactions between a rental car company, also referred to as a rental company, and its customers, as provided. Existing law prohibits a rental company from using, accessing, or obtaining any information relating to the renter's use of the rental vehicle that was obtained using electronic surveillance technology, as defined, except under specified circumstances. Existing law permits a rental company and a renter to limit the responsibilities of a renter in specified events, including loss due to theft of the rented vehicle up to its fair market value, as provided. Existing law establishes, in the situation described in the previous sentence, a presumption that the renter has no liability for loss due to theft if specified conditions are met, including that an authorized driver has possession of the ignition key or establishes that the ignition key was not in the vehicle at the time of the theft, as provided.

This bill would allow a rental company to use geofence technology, as specified, to detect rental vehicle movement in prescribed circumstances. The bill, with respect to the above-described provisions relating to the renter's liability for loss due to theft, would revise the presumption that the renter has no liability for loss due to theft to instead apply this presumption if an authorized driver returns the ignition key.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1939.03 of the Civil Code is amended to read:

1939.03. Except as limited by Section 1939.05, a rental company and a renter may agree that the renter will be responsible for no more than all of the following:

(a) Physical or mechanical damage to the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from collision regardless of the cause of the damage.

(b) (1) Loss due to theft of the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, provided that the rental company establishes by clear and convincing evidence that the renter or the authorized driver

failed to exercise ordinary care while in possession of the vehicle. In addition, the renter shall be presumed to have no liability for any loss due to theft if both of the following conditions are met:

(A) An authorized driver returns the ignition key furnished by the rental company.

(B) An authorized driver files an official report of the theft with the police or other law enforcement agency within 24 hours of learning of the theft and reasonably cooperates with the rental company and the police or other law enforcement agency in providing information concerning the theft.

(2) The presumption set forth in this subdivision is a presumption affecting the burden of proof which the rental company may rebut by establishing that an authorized driver committed, or aided and abetted the commission of, the theft.

(c) Physical damage to the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from vandalism occurring after, or in connection with, the theft of the rented vehicle. However, the renter shall have no liability for any damage due to vandalism if the renter would have no liability for theft pursuant to subdivision (b).

(d) Physical damage to the rented vehicle up to a total of five hundred dollars (\$500) resulting from vandalism unrelated to the theft of the rented vehicle.

(e) Actual charges for towing, storage, and impound fees paid by the rental company if the renter is liable for damage or loss.

(f) An administrative charge, which shall include the cost of appraisal and all other costs and expenses incident to the damage, loss, repair, or replacement of the rented vehicle.

SEC. 2. Section 1939.23 of the Civil Code is amended to read:

1939.23. (a) A rental company shall not use, access, or obtain any information relating to the renter's use of the rental vehicle that was obtained using electronic surveillance technology, except in the following circumstances:

(1) (A) When the equipment is used by the rental company only for the purpose of locating a stolen, abandoned, or missing rental vehicle after one of the following:

(i) The renter or law enforcement has informed the rental company that the vehicle is missing or has been stolen or abandoned.

(ii) If the rental vehicle has not been returned following 24 hours after the contracted return date or by 24 hours following the end of an extension of that return date, the rental company may activate electronic surveillance technology. The rental company shall provide notice of activation of the electronic surveillance technology 24 hours before activation, by telephone and electronically pursuant to Section 1939.22, unless the renter has not provided a telephone number or the renter has not agreed to electronic communication pursuant to Section 1939.22. The rental or lease agreement shall advise the renter that electronic surveillance technology may be activated if the rental vehicle has not been returned within 24 hours after the contracted return date or extension of the return date. The renter shall acknowledge this advisement in the rental or lease agreement by initials. The advisement shall also be made orally to the renter at the time of executing the rental or lease agreement if the transaction is completed in person or by telephone. The advisements are not required to be made to members of the rental company's membership program executing a rental or lease agreement. However, a renter shall be given those advisements upon enrolling in the rental company's membership program.

(iii) Notwithstanding clause (ii), if the rental vehicle has not been returned following one week after the contracted return date or by one week following the end of an extension of that return date.

(iv) The rental company discovers the rental vehicle has been stolen or abandoned, and, if stolen, the rental company shall report the vehicle stolen to law enforcement by filing a stolen vehicle report, unless law enforcement has already informed the rental company that the vehicle is missing or has been stolen or abandoned.

(v) The rental vehicle is the subject of an AMBER Alert issued pursuant to Section 8594 of the Government Code. If the rental company uses the equipment in connection with this provision relating to an AMBER Alert, the rental company shall notify law enforcement that one of the rental company's vehicles is the subject of an AMBER Alert upon becoming aware of the situation, unless law enforcement has already informed the rental company that the vehicle was the subject of an AMBER Alert.

(B) If electronic surveillance technology is activated pursuant to subparagraph (A), a rental company shall maintain a record, in either electronic or written form, of information relevant to the activation of that technology. That information shall include the rental agreement, including the return date, and the date and time the electronic surveillance technology was activated. The record shall also include, if relevant, a record of written or other communication with the renter, including

communications regarding extensions of the rental, police reports, or other written communication with law enforcement officials. The record shall be maintained for a period of at least 12 months from the time the record is created and shall be made available upon the renter's request. The rental company shall maintain and furnish explanatory codes necessary to read the record. A rental company shall not be required to maintain a record if electronic surveillance technology is activated to recover a rental vehicle that is stolen or missing at a time other than during a rental period.

(2) In response to a specific request from law enforcement pursuant to a subpoena or search warrant.

(3) The rental company uses geofence technology to detect the movement of a rental vehicle in either of the following circumstances:

(A) The rental vehicle is moved outside of the country, if travel outside of the country is not authorized by the rental agreement.

(B) The rental vehicle is moved into an impound or tow yard. The rental company shall notify the renter that the vehicle has been detected within an impound or tow yard. If the vehicle remains within the perimeter of the impound or tow yard for 24 hours after the notification, the vehicle shall be deemed abandoned by the renter.

(b) Subdivision (a) does not prohibit a rental company from equipping rental vehicles with any of the following:

(1) GPS-based technology that provides navigation assistance to the occupants of the rental vehicle, if the rental company does not use, access, or obtain information relating to the renter's use of the rental vehicle that was obtained using that technology, except for the purposes of discovering or repairing a defect in the technology and the information may then be used only for that purpose.

(2) Electronic surveillance technology that allows for the remote locking or unlocking of the vehicle at the request of the renter, if the rental company does not use, access, or obtain information relating to the renter's use of the rental vehicle that was obtained using that technology, except as necessary to lock or unlock the vehicle.

(3) Electronic surveillance technology that allows the company to provide roadside assistance, such as towing, flat tire, or fuel services, at the request of the renter, if the rental company does not use, access, or obtain information relating to the renter's use of the rental vehicle that was obtained using that technology except as necessary to provide the requested roadside assistance.

(c) Subdivision (a) does not prohibit a rental company from obtaining, accessing, or using information from electronic surveillance technology for the sole purpose of determining the date and time the vehicle departs from and is returned to the rental company, and the total mileage driven and the vehicle fuel level of the returned vehicle. The information obtained or accessed from this electronic surveillance technology shall only be used for the purpose described in this subdivision.

(d) A rental company shall not use electronic surveillance technology to track a renter in order to impose fines or surcharges relating to the renter's use of the rental vehicle.