Journal of Consumer Attorneys Associations for Southern California
ADVOCATE
November 2024

Update from Sacramento

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The good and the bad on the legislative front

TORT REFORM TO LIMIT CONTINGENCY FEES IS STYMIED THROUGH 2026 ELECTION CYCLE BY CAOC'S STRATEGIC AGREEMENT WITH CJAC

It was a very mixed year on the CAOC legislative front. The full legislative report will be discussed at CAOC's annual convention. We saw highs with the successful prevention of a looming contingency fee initiative and the signing of a key bill addressing evidence in childhood sex abuse cases, yet we saw extreme disappointments with Governor Newsom vetoing three CAOC-sponsored bills, including two on elder abuse.

On the success front, first, we want to remind you that CAOC-sponsored legislation to increase the auto financial responsibility limits goes into effect in 2025! This difficult multi-year effort finally came to fruition when CAOC sponsored SB 1107 (Dodd-2022) to increase the minimum financial responsibility limits to \$30,000/\$60,000/\$15,000. These new limits will come into effect on January 1. Please note that minimum limits will increase as drivers renew their policies, so not all policies will increase on January 1, but all minimum-limit policies will increase to the new limits as drivers renew in 2025.

CAOC has had consistent success in the Legislature defending against terrible bills to limit your practices, stop negative legislation, and defend consumer rights. As a result, though, our opponents are increasingly pursuing extreme measures via the initiative process. We are proud to report two such efforts were neutralized in 2024.

First, the California Chamber of Commerce sought to remove the right for worker enforcement of labor rights in the Private Attorneys General Act (PAGA) through an initiative that had qualified to be on the 2024 ballot if negotiations were not successful. However, CAOC and our allies at the California Employment Lawyers Association (CELA) and the California Labor Federation fought back and were able to reach a compromise legislative deal to preserve PAGA and avoid a costly initiative battle.

Second, on the fee-cap initiative front, a huge success was stopping a contingency fee initiative by the tort reform coalition Civil Justice Association of California (CJAC) for the 2026 ballot. CJAC first filed a 20% contingency fee cap in 2021. CAOC, with your efforts, successfully kept that initiative off the ballot. However, their pause was temporary, as they continued to fundraise and raised approximately \$4 million. Their large donors were auto manufacturers motivated by their concerns with California's lemon law, which protects auto buyer rights with strong remedies against manufacturers. Auto manufacturers, like employers with PAGA, were unable to obtain any limiting legislation on lemon law (the Song-Beverly Consumer Warranty Act) and instead focused their funding to support CJAC and the fee initiative.

In a successful strategic move, CAOC engaged with one of the two top funders of the CJAC initiative fund, General Motors, and opened discussions regarding lemon law. After months of intense negotiations, CAOC and GM came to an agreement that was ultimately supported by the California Judges Association, Ford Motor Company, Stellantis, and the California Defense Counsel. This agreement was introduced as AB 1755 (Kalra/Umberg) and was passed and signed by the governor this year to enact procedural lemon law reform while protecting and expanding consumer rights. As many as 13 other auto manufacturers, led by Toyota, opposed this bill as these manufacturers (1) wanted to strip substantive rights, not focus on amending procedure, and (2) opposed some consumer protections CAOC spearheaded in the bill. A key component of this package was that passage of AB 1755 included an express agreement for a mutual moratorium between CAOC and CJAC on filing an affirmative state or local ballot initiative against the interests of each organization's respective members through the 2026 election cycle.

As mentioned, we had mixed success on our sponsored bills. Below is the 2024 package and status:

- SB 1386 (Caballero) was signed by Governor Newsom and states that evidence of a victim's unrelated sexual assault or sexual history may not be brought in to impeach their testimony as to consent by the plaintiff or absence of injury to the plaintiff. This bill protects survivors from being further victimized when seeking justice.
- SB 949 (Blakespear), supported by CAOC's Women's Caucus, was signed and requires state superior courts to allow for breaks in a court proceeding for a person to use a lactation room, starting July 1, 2026.
- AB 2773 (Kalra), vetoed by Governor Newsom, would have protected seniors abused in nursing homes by lowering the standard of proof when a facility destroyed evidence.
- SB 278 (Dodd), vetoed by Governor Newsom, would have required financial institutions to take specified actions intended to deter financial abuse of elder or dependent adults and clarified the legal responsibility of financial institutions related to financial elder abuse.
- AB 3061 (Haney), co-sponsored with the Teamsters and the Consumer Federation of California, would have required manufacturers of autonomous vehicles that are being tested or deployed in California to report data to the Department of Motor Vehicles. Although the bill was vetoed, the DMV has now fast-tracked its regulatory rulemaking process on AV data collection.
- AB 1755 (Kalra/Umberg), signed by the governor, reforms litigation procedures in lemon law cases and includes an agreement for a mutual moratorium between CAOC and CJAC on filing an affirmative state or local ballot initiative against the interests of each organization's respective members through the 2026 election cycle.
- AB 2288 (Kalra) and SB 92 (Umberg) codify negotiated reforms to the California Labor Code's Private Attorneys General Act of 2004 (PAGA) and removed the 2024 ballot initiative.