



Title: California Senate Bill 1311

Subject: Veterans' Protections

Summary:

California Senate Bill 1311, initiated by the Attorney General, amends California's existing military consumer protection laws.

The bill states that, "a security interest in a motor vehicle, off-highway vehicle, trailer, vessel, or aircraft is void, and cannot be perfected, if it would cause a loan procured by a covered member in the course of purchasing the motor vehicle to be exempt from Section 987 of Title 10 of the United States Code, and the loan also funds the purchase of a credit insurance product or credit related ancillary product."

Section 987, the Military Lending Act ("MLA"), regulates consumer credit extended to covered members, and 32 CFR 232.3(f)(2) provides exemptions from this regulation. In relevant part, it exempts:

- (ii) Any credit transaction that is expressly intended to finance the purchase of a motor vehicle when the credit is secured by the vehicle being purchased;
- (iii) Any credit transaction that is expressly intended to finance the purchase of personal property when the credit is secured by the property being purchased[.]

The bill also provides: "A security interest in personal property other than a motor vehicle is void, and cannot be perfected, if it would cause a loan procured by a covered member in the course of purchasing the personal property to be exempt from the requirements of Section 987 of Title 10 of the United States Code."

Covered member means "a member of the armed forces who is— (A) on active duty under a call or order that does not specify a period of 30 days or less; or (B) on active Guard and Reserve Duty."

The bill also states that that the waiver of any right provided to service members, former service members, or their dependents by the Military and Veteran Code is void. A service member may not be required to provide electronic access to or smart card reader placement of their

Common Access Card, or the transaction is void.

The bill also specifies that a lessee can terminate the lease of a motor vehicle if, while in a period of military service, the lessee executes the lease and then receives military orders for a

change of permanent station location that is more than 100 miles from the prior duty station or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days. Current law has this allowance for servicemembers moving permanent stations into or outside of the continental United States and for a lessee deployed with a military unit, or as an individual in support of a military operation, for a period of 180 days.

The bill states that in addition to any civil penalty pursuant to Section 17206, “a person who violates this chapter, if the act or acts of unfair competition are perpetrated against one or more service members or veterans, may be liable for a civil penalty not to exceed two thousand five hundred dollars (\$2,500) for each violation, which may be assessed and recovered in a civil action.”

The bill also makes other changes California’s military consumer protection laws.

The bill is effective January 1, 2023, and without rulemaking.

Date Filed:	02/18/2022	
Date/Type of Last Action:	02/18/2022	Introduced. Read first time. To Committee on Rules for assignment. To print.
	02/18/2022	Article IV Section 8(a) of the Constitution and Joint Rule 55 dispensed with February 7, 2022, suspending the 30 calendar day requirement.
	02/22/2022	From Printer
	03/02/2022	Referred to Committee on Judiciary and Military and Veterans Affairs.
	03/25/2022	Set for hearing April 19.
	04/20/2022	From committee: Do pass and re-refer to Com. on M. & V.A. (10-0) (April 19). Re-referred to Committee on Military and Veterans Affairs
	04/22/2022	Set for Hearing April 26

04/27/2022 From committee: Do pass as amended and re-refer to Com. on APPR. (5-0)

04/28/2022 Read second time and amended. Rereferred to Com. on APPR.

05/06/2022 Set for hearing May 16

05/16/2022 May 16 hearing: Placed on APR suspense file

05/17/2022 Set for hearing May 19

05/19/2022 From committee: Do pass as amended. (7-0)
Read second time and amended.
Ordered to second reading.

05/23/2022 Read second time. Ordered to third reading.

05/24/2022 Ordered to special consent calendar.

05/26/2022 Read third time. Passed. (38 - 0)
Ordered to the Assembly.

05/27/2022 In Assembly. Read first time. Held at Desk.

06/09/2022 Referred to Committees on Judiciary and Military and Veterans Affairs

06/16/2022 From committee with author's amendments. Read second time and amended. Re-referred to Judiciary

06/21/2022 From committee: Do pass and re refer to Committee on Military and Veterans Affairs. (8-0). Re-referred to
Committee on Military and Veterans Affairs

06/29/2022 From committee: Do pass and rerefer to Appropriations (8 - 1).
Rereferred to Appropriations.

08/03/2022 August 3 set for first hearing. Placed on suspense file.

08/11/2022 From committee: Do pass. (13-0)

08/15/2022 Read second time. Ordered to third reading.

08/18/2022 Read third time. Passed. Ordered to the Senate. In Senate.

Concurrence in Assembly amendments pending.

08/24/2022 Assembly amendments concurred in. (40-0) Ordered to engrossing and enrolling.

08/30/22 Enrolled and presented to Governor

09/27/22 Approved by the Governor; Chaptered by the Secretary of State. Chapter 620, Statutes of 2022.