START A BUSINESS - CALIFORNIA

How to open a car dealership in California

California dealers need a DMV dealer license and a $50,000 bond; used vehicle dealers complete a four-hour education program and a DMV exam, and salespeople need their own DMV license.

Sources verified 2026-11-21 - Updated 2026-11-21

1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles and paperwork. It suits people with sales skills, capital for inventory and patience for records.

2 Form the business and get a seller's permit

1. Choose a structure. LLCs and corporations file with the California Secretary of State.
2. Get a seller's permit from the California Department of Tax and Fee Administration (CDTFA) and collect sales tax on parts and merchandise.
3. Check your city or county for business licenses and zoning.

3 The DMV dealer license

Selling vehicles requires a DMV dealer license. Used vehicle dealer applicants complete a preliminary education program of at least four hours and pass a DMV written exam. Each salesperson needs a DMV vehicle salesperson license.

4 Dealer bond

File a $50,000 bond from an admitted surety before the license is issued or renewed ($10,000 for motorcycle or ATV-only dealers).

5 Your first steps

1. Form the business and get a seller's permit.
2. Complete the education program and DMV exam (used dealers).
3. Get the $50,000 bond.
4. Apply to DMV Occupational Licensing.
5. List your business on Nearby Car Care

Requirements at a glance

California seller's permit

Required - State - California Department of Tax and Fee Administration

Get a seller's permit from CDTFA and collect sales tax on parts and merchandise you sell.

Form your LLC or corporation with the California Secretary of State first. Fees not verified here.

Official application: https://cdtfa.ca.gov/formspubs/pub25.pdf

DMV vehicle dealer license

Required - State - California DMV, Occupational Licensing

Selling vehicles requires a DMV dealer license. Used vehicle dealer applicants complete a preliminary education program of at least four hours and pass a DMV written exam. Each salesperson needs a DMV vehicle salesperson license.

Fees: Not verified here; ask DMV.

Official application: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=VEH&sectionNum=11710

Dealer surety bond ($50,000)

Required - State - California DMV, Occupational Licensing

File a $50,000 bond from an admitted surety before the license is issued or renewed ($10,000 for motorcycle or ATV-only dealers).

Amount: $50,000

Official agencies and links

Publication 25, Auto Repair Garages and Service Stations (June 2026)

California Department of Tax and Fee Administration

https://cdtfa.ca.gov/formspubs/pub25.pdf

Vehicle Code 11704.5, 11710 and 11800: dealer education, dealer bond, salesperson lic

California Legislature

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=VEH&sectionNum=11710

Frequently asked questions

How much is the California dealer bond?

$50,000 ($10,000 for motorcycle or ATV-only dealers).

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.