

Protecting Consumers from Deceptive Pricing Practices Frequently Asked Questions

What are junk fees?

Junk fees are hidden mandatory charges added to the base price of a good or service paid by individuals or small businesses. Common examples include service fees for event tickets, resort fees at hotels, and processing or administrative fees.

How do junk fees impact consumers?

These non-discretionary fees can significantly increase the price a consumer pays for a good or service, resulting in increased financial strain due to unexpected and unplanned charges. Consumer Reports estimates that the average family of four pays nearly \$3,300 in junk fees every year. Not disclosing the total price upfront removes consumers' ability to make informed decisions or compare prices across businesses, undermining the competitive marketplace.

Hasn't Colorado already passed a junk fees policy?

Colorado does not have a comprehensive law specifically addressing hidden or mandatory charges added to the advertised price of goods and services. The Colorado legislature has passed legislation explicitly increasing transparency in event ticket sales, requiring total cost disclosure, prohibiting price increases post-selection, and banning deceptive practices.

Aren't junk fees already illegal?

Misleading pricing practices and bait-and-switch pricing may already violate Colorado laws against fraud or unfair and deceptive trade practices. Junk fees may also violate industry-specific laws, including the state law related to ticket sales mentioned above, or federal law regulating particular industries. But this hodgepodge of laws has not effectively protected Coloradans from junk fees, and can create confusion in the marketplace. This legislation would provide clarity and consistency across industries, to the benefit of businesses and consumers alike.

What will businesses be required to do under this law?

This law does not prohibit a business from charging a fee. It simply requires transparency. Under this law, businesses would have to:

- **Disclose Total Price:** Show the total amount a consumer must pay for the good or service. This price must include all fees and be displayed prominently.
- **Explain Charges:** Provide the purpose and refundability, if applicable, of any additional charges that are not part of the total price.
- **Avoid Misrepresentation:** Present only honest and accurate pricing information.

How will this law impact landlords?

This law will clarify that landlords are not permitted to:

- Charge utility fees beyond what utility companies bill for the tenant's residential unit.
- Impose fees related to the payment of property taxes or other landlord obligations.
- Impose fees to process the rental payment.

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- Require fees for existing warranty of habitability requirements under the law.
- Require fees above the total price of the good, service, or property for which an amount is charged.
- Charge fees that vary by more than 2% during a year or shorter lease lease.
- Charge common area maintenance fees.

Why are junk fees in housing handled differently?

Given both the essential nature of housing and the variety of hidden fees currently imposed on Colorado tenants, the bill provides additional clarity about how its general provisions apply in the housing rental context and prohibits landlords from charging residential tenants fees associated with payment processing, late payments other than rent, and common area maintenance.

Does this impact healthcare costs?

No, each person has different needs that are specific to them. Costs like co-pays depend on if a person has health insurance or what health insurer they have. Costs that cannot be determined up front, and have a variety of variables, are not covered by this bill. Anything that will be charged to every customer no matter what would be covered and have to be included in the advertised price.

How will this law be enforced?

The bill emphasizes fairness and transparency while providing clear enforcement mechanisms:

1. **Deceptive Trade Practice:** Violations are classified as deceptive trade practices, ensuring consistent accountability under existing laws.
2. **Civil Resolution Options:** Businesses and landlords have an opportunity to resolve disputes through written demands from consumers, avoiding unnecessary legal escalation.
3. **Penalties for Non-Compliance:** Failure to address valid consumer claims within 14 days may result in penalties, including damages or fees ranging from \$100 to \$1,000 per violation, or three times the actual damages.

These measures prioritize collaboration and fairness while maintaining legal recourse for consumers, fostering trust and clarity in the marketplace.

Do other states have similar laws?

Yes. Several states have enacted or are considering legislation to address "junk fees"—hidden or unexpected charges added to the advertised price of goods and services. Notable examples include California, Connecticut, New York, and Minnesota.

California: In October 2023, California passed SB 478, amending the Consumers Legal Remedies Act to prohibit businesses from advertising prices that do not include all mandatory fees, a practice known as "drip pricing." Effective July 1, 2024, this law aims to enhance price transparency across various industries.

Connecticut and New York: Both states have implemented laws requiring ticket sale facilitators to provide "all-in" price disclosures upfront. This ensures consumers are aware of the total cost, including any additional fees, at the beginning of the transaction.

Minnesota: Minnesota's junk fee ban goes into effect in January 2025. [Chapter 111, House File 3438](#) bans the practice of hidden and deceptive fees, requiring that the full price of a product, including all mandatory fees, be disclosed at the beginning of the transaction and in any advertising. The law also prevents charges that don't align with any additional product or service.

What has been done federally about junk fees?

On December 17th, 2024, the Federal Trade Commission (FTC) announced a final rule that bans hidden junk fees for live-event tickets and lodging industries. Businesses must prominently display the total price upfront, including all mandatory fees, and cannot misrepresent any charges.

Will it be hard for businesses to comply?

No. Businesses will simply have to disclose the total price of a good or service up front. All-in pricing rules only affect *mandatory* fees that a reasonable person would expect to be included in the overall price. They do not prevent businesses from charging consumers for optional extras. For example, parking at a hotel is an optional add-on, but a mandatory cleaning fee assessed on every room must be included in the total price of the room.

Does a business need to include credit card processing fees in the advertised price?

Generally, no, because a credit card processing fee is not a mandatory fee if the customer can avoid the fee by paying a different way. However, if a business only accepts credit cards as a form of payment, then the credit card fee is mandatory and would have to be included in the advertised price.

Does a business that offers discounts or coupons, or charges a customer less than the advertised or listed price, violate this law?

No. A business that offers discounts or otherwise charges a customer a price that is less than the advertised price has not violated this law. The law just prohibits advertising a price that is less than what the customer will have to pay for a good or service.