



# California Bans Hidden Fees

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As we [posted](#) yesterday, the FTC [announced](#) a [proposed rule](#) that could fundamentally alter how businesses across industries advertise prices and disclose fees to consumers. At around the same time the FTC was preparing to announce the proposed rule, California AG Rob Bonta was [commenting](#) about California's efforts to ban hidden or "junk" fees, boasting that "California now has the most effective piece of legislation in the nation to tackle this problem. The price Californians see will be the price they pay."

California Senate Bill 478, which was signed over the weekend and goes into effect on July 1, 2024, will generally require under the Consumers Legal Remedies Act that companies include all mandatory fees when they advertise prices. The law states that the following practices are unlawful:

- Advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges other than either of the following: (i) Taxes or fees imposed by a government on the transaction; [or] (ii) Postage or carriage charges that will be reasonably and actually incurred to ship the physical good to the consumer.

The law has a few narrow exceptions. For example, it wouldn't be unlawful for a food delivery company to list the menu prices of food items without factoring in its own fees. And companies in other separately-regulated industries – such as broadband providers, financial entities, and car manufacturers and rental and manufacturer companies – will not be deemed to be in violation of this law, if they comply with other laws in their industry specifying how fees must be disclosed.

Notably, the preamble to the bill takes the position that drip pricing – or presenting part of a price up front and presenting fees later – was a form of "bait and switch advertising" and *already* "prohibited by existing statutes." That echoes the position that AGs across the country have already taken in various cases. Click [here](#), for example. AG Bonta's [press release](#) highlights several industries they allege specifically as having used hidden fees, such as lodging, ticketing, and food delivery.

We expect that efforts to push companies to disclose mandatory fees up-front will continue to intensify at both the federal and state levels.