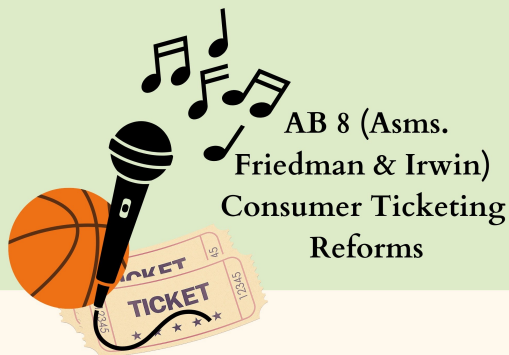


Pro-Consumer Bills Taking on Junk/Hidden Fees



AB 537 (Asm. Berman)
Lodging Resort Fees
& Price Transparency



AB 8 (Asms.
Friedman & Irwin)
Consumer Ticketing
Reforms



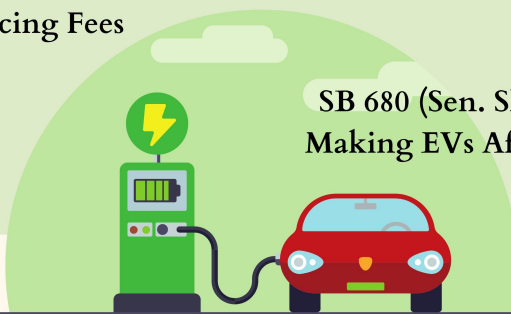
AB 1222 (Asm. McKinnor)
Rental Car Pricing
& Add-Ons



SB 611 (Sen. Menjivar)
Rental Housing
Fee Reforms

SHOP

SB 666 (Sen. Min)
Small Business
Financing Fees



SB 680 (Sen. Skinner)
Making EVs Affordable



CONSUMER FEDERATION OF CA UNVEILS SIX-BILL “JUNK/HIDDEN FEES” PACKAGE TO PROTECT CONSUMERS FROM DECEPTION

Senators, Assemblymembers and federal CFPB official join consumer organizations in announcing bills on lodging, ticketing, rental housing, small biz, car rentals and EVs

Embargoed until Noon on Monday, March 6, 2023

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SACRAMENTO, CA - The Consumer Federation of California (CFC), joined by a group of California Legislators, consumer and small business representatives and an official from the federal Consumer Financial Protection Bureau (CFPB), today unveiled a six-bill junk/hidden fees package to protect consumers from deceptive pricing and add-on fees in a wide range of industries.

“Consumers from across the political and economic spectrum have had enough of paying a price higher than what they thought they were getting thanks to seemingly endless add-ons to their bill,” said Robert Herrell, Executive Director of CFC. “85% of Americans have experienced this. We agree with President Biden that enough is enough and consumers should come first. This package of California bills, when combined with federal action, will help protect consumers’ pocketbooks and combat dishonest pricing and add-on fees.”

President Biden’s administration has made cracking down on junk fees to protect consumers a priority. In the President’s State of the Union address on February 7, 2023, President Biden said that “Americans are tired of being played for suckers” and that he knew “how unfair it feels when a company overcharges you and gets away with it. Not anymore.” He proposed a federal Junk Fee Prevention Act and states like California are seeking to lead the way in partnering with the federal government to protect consumers in areas where California can take state action.

The six-bill California package consists of the following:

- SB 611 by Senator Caroline Menjivar (D - Panorama City/San Fernando Valley) - rental housing
- SB 666 by Senator Dave Min (D - Irvine) - small business financing

- SB 680 by Senator Nancy Skinner (D - Berkeley) - electric vehicle pricing
- AB 8 by Assemblymembers Laura Friedman (D - Glendale) & Jacqui Irwin (D - Thousand Oaks) - ticketing
- AB 537 by Assemblymember Marc Berman (D - Menlo Park) - lodging
- AB 1222 by Assemblymember Tina McKinnor (D - Inglewood) - car rentals

Consumer and small business organizations such as the California Public Interest Research Group (CalPIRG), Consumers for Auto Reliability and Safety (CARS), Small Business Majority and the California Association for Micro Enterprise Opportunity (CAMEO) joined the group to discuss parts of the package that they are co-sponsoring. Also at the press conference SB 478 (Dodd and Skinner), a broad bill on so-called “drip pricing” sponsored by Attorney General Rob Bonta and supported by CFC, was mentioned as part of the collective effort to protect consumers.

Below is a bit more about each of the bills in the package in the order listed above. Please note that some bills are currently in minimal form (so-called “spot” form) and are awaiting the Legislature’s 30-day in print rule prior to being amended to reflect the content discussed below.

RENTAL HOUSING - SB 611 (Menjivar)

SB 611 will make renting transparent for consumers by requiring landlords to clearly state to potential renters what their up-front and monthly payments will be, including all required fees, necessary to rent the apartment. “Californians deserve to know what the true cost of goods and services are upfront. When hidden fees are assessed, it leads to unpredictability. For families living paycheck to paycheck, an additional charge to rent leads to housing instability. I authored SB 611 because I know what it’s like to lose a family home due to a lack of price transparency,” said Senator Caroline Menjivar (D - Panorama City/San Fernando Valley). “I support President Biden’s effort to ban junk fees, and we are taking the first step here in California. We need to ensure families can properly budget and maintain their ability to keep up with their financial obligations. Thank you, Consumer Federation of California, for this opportunity to join a coalition of colleagues and organizations in the fight against harmful junk fees.”

SMALL BUSINESS FINANCING - SB 666 (Min)

SB 666 will crack down on unnecessary charges burdening small businesses by limiting certain add-on fees and charges, and ensuring that small business lenders provide a transparent and clearly detailed listing of all fees required to be paid. “Many of California’s small businesses are still recovering from the COVID-19 pandemic, and are being further held back by burdensome lending fees that are not always transparent or necessary,” said Senator Dave Min (D – Irvine). “My bill, SB 666, supports our small businesses by eliminating unnecessary fees, capping fees that are unreasonably high, and providing more transparency in the lending process. ”

ELECTRIC VEHICLE PRICING - SB 680 (Skinner)

SB 680 will make EVs more affordable for Californians by prohibiting auto dealers from charging above the Manufacturer's Suggested Retail Price (MSRP) for electric vehicles. "Californians are fed up with hidden junk fees, wildly inflated prices, and corporate profiteering. That's why I'm proud to co-author SB 478 with Senator Dodd and to join with Attorney General Bonta to end costly hidden fees. It's also why I'm authoring SB 680 so auto dealers can't overprice electric vehicles," said state Senator Nancy Skinner (D-Berkeley). "SB 478 and SB 680 will put consumers first, bring fairness and transparency to the true cost of goods and services in our state, and ensure that Californians receive accurate information upfront on exactly how much they're being asked to pay."

TICKETING - AB 8 (Friedman and Irwin)

AB 8 will provide greater transparency and regulation in the live ticket marketplace by ensuring clarity of pricing and fees, specification of location of seat(s), and a link to refund policies. "California has always been a leader in the entertainment industry and we have an obligation to extend that leadership to protect consumers. Buying event tickets should be a straightforward process where the advertised price is the final price," said Assemblymember Laura Friedman (D – Glendale). "This bait-and-surcharge business is wolfish and unfair to consumers, who are making price comparisons to make the best use of their hard-earned dollars."

LODGING - AB 537 (Berman)

AB 537 prohibits hotels and short-term lodging from advertising or offering a room rate that does not include all fees required to book or reserve the room. "President Biden is right – Californians are tired of being played for suckers," said Assemblymember Marc Berman (D – Menlo Park). "Surprise hotel fees are dishonest and misleading. You go to a website, enter the dates of your stay, pick a room for a certain price, enter your personal information, and then at the last minute the hotel or travel website tacks on resort or cleaning fees. We've all experienced it, and I'm tired of it. AB 537 will ensure that the advertised cost of your hotel stay is the real price you pay. I am proud to be part of a coalition of legislators who are committed to putting an end to hidden fees this year."

CAR RENTALS - AB 1222 (McKinnor)

AB 1222 will provide greater transparency by ensuring that a rental car company only advertises or quotes a rental rate that contains the entire amount, including all applicable taxes and additional fees or charges, necessary to rent the vehicle. "Car rental companies sometimes hide the true cost of the rental car. AB 1222 will make companies show the true upfront cost to rent a car and allow consumers to make informed financial decisions on which car to rent," said Assemblymember Tina McKinnor (D - Inglewood).

The bills will begin moving through the California Legislature later in March and April.

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Junk/Hidden Fees Legislative Package Bill Summaries

Senate Bill 611 – Rental Housing Fee Reforms

Author: Senator Caroline Menjivar (D – Panorama City, San Fernando Valley)

- As renting becomes the most “affordable” option for consumers unable to afford buying a home, junk and hidden fees have seen a staggering increasing, forcing renters to pay much more than the advertised price per month for a rental unit. From high application fees required at each potential rental location, to excessive fees for processing, convenience, administration, trash, late fees and more, fees are hidden rent increases.
- SB 611 will force landlords to clearly state to consumers what their monthly payments will be to stay in an apartment or rental unit. This bill seeks to enforce transparency in the rental housing market. The proliferation of additional add-on fees will also be explored.
- SPONSOR: Consumer Federation of California (CFC)

Senate Bill 666 – Small Business

Author: Senator Dave Min (D – Irvine)

- Small businesses constitute 99.8%, or 4.1 million, of all businesses in California and many are being negatively impacted by widespread application of various fees when dealing with small business lenders and financiers. These include fees for Uniform Commercial Code (UCC) filings, risk assessments, due diligence, so-called “platform fees,” “collateral monitoring,” and fees for statements and pay-off letters. SB 666 will crack down on these fees and increase transparency in small business financing .
- SPONSORS: Consumer Federation of California (CFC), California Association for Micro Enterprise Opportunity (CAMEO), and Small Business Majority

SB 680 – Making EVs Affordable

Author: Senator Skinner (D – Berkeley)

- As consumers switch over to electric powered vehicles to meet the California mandate by 2035, some dealers are charging as much as \$30,000-\$40,000 above the Manufacturer’s Suggested Retail Price (MSRP) for EVs, which are expensive enough already. Forcing consumers to pay outrageous prices for literally the exact same vehicle without features being added is pernicious and perhaps the ultimate junk fee. It also costs the environment.
- SB 680 will prohibit car dealers from charging more than the Manufacturer’s Suggested Retail Price (MSRP) for electric vehicles.
- SPONSORS: Consumers for Auto Safety & Reliability (CARS), Consumer Federation of California (CFC)

AB 8 – Consumer Ticketing Reforms

Authors: Assemblymembers Laura Friedman (D – Glendale) & Jacqui Irwin (D – Thousand Oaks)

- Buying tickets to attend an event should be straightforward for consumers yet the extensive use of multiple vague itemized fees by companies such as Ticketmaster (the overwhelmingly dominant player in the industry) has made this an extraordinarily expensive and frustrating process. These practices prevent consumers from comparison

shopping and frequently require them to pay fees that are up to 27-30% more than the advertised price.¹

- AB 8 will seek to enforce full fee transparency and limit supply manipulation via so-called “holdbacks” by ticketing companies. This bill seeks to provide greater transparency and regulation for the primary and secondary live event ticket marketplace. Provisions of the bill include clarity of pricing and fees, specifications of location of seat(s), and a clear link to refund policies.
- SPONSORS: Consumer Federation of California (CFC) and California Public Research Interest Group (CALPIRG)

AB 537 – Lodging Resort Fees & Price Transparency

Author: Assemblymember Marc Berman (D – Menlo Park)

- Across the U.S., hotels generated approximately \$3 billion from mandatory fees in 2018 alone, an 8.5% increase compared to 2017.² Some hotels and alternatives to lodging establishments charge separate mandatory “resort fees” or “cleaning fees” but fail to disclose them until very late in the booking process or at final “checkout”. In some cases a cleaning fee can equal, or even exceed, the nightly rate and is not included in the advertised rate until a consumer goes to book the rental. Multiple states (Nebraska, Pennsylvania) and jurisdictions (DC) have taken legal action against resort fees.
- AB 537 will make it illegal for lodging establishment to advertise or offer a room rate that does not include all fees and taxes required to stay in the room. It will apply to lodging establishments, so-called “consolidator” sites and alternatives such as AirBNB.
- SPONSOR: Consumer Federation of California (CFC)

AB 1222 – Rental Car Pricing & Add-Ons

Author: Assemblymember Tina McKinnor (D – Inglewood)

- After their rental cars (or alternatives to rental cars, such as Turo) are returned, some consumers find numerous add on fees in addition to the rental cost, charging in some cases up to \$400 for “cleaning fees”. Many consumers have found that rental car companies don’t make full disclosure of their charges until their car has been returned, leaving consumers no other choice but to pay.
- AB 1222 will enhance California’s rental car disclosure law by ensuring that all fees and charges are disclosed at the time a quote is given to a consumer. This bill will also ensure that a rental company only advertises, or quotes, a rental rate that contains the entire amount, including all applicable taxes and additional fees or charges. Disproportionately high add-on fees to consumers may also be addressed.
- SPONSOR: Consumer Federation of California (CFC)

¹ See United States Government Accountability Office, [Event Ticket Sales: Market Practices and Consumer Protection Issues](#), (April 2018).

² See Hugo Martín, [Those hidden resort fees you hate paying? Travel websites fight back](#), The New York Times (Aug 2019).