

General Law Committee JOINT FAVORABLE REPORT

Bill No.: SB-15

Title: AN ACT REQUIRING FEE DISCLOSURES.

Vote Date: 3/7/2024

Vote Action: Joint Favorable

PH Date: 2/22/2024

File No.: 67

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SPONSORS OF BILL:

Rep. Gary A. Turco, 27th District.

Rep. Eleni Kavros Degraw, 17th District.

Sen. Martha Marx, 20th District.

REASONS FOR BILL:

This proposed legislation would implement Governor Lamont's budget recommendations. According to agency officials, the average family of four loses \$3,200 per year to undisclosed hidden fees also known as junk fees, service fees, and convenience fees. Often, these fees disproportionately affect low-income families who may lack the time, resources, or financial literacy to filter through these fees or search for more competitive pricing. This is how some companies deceive consumers by advertising lower prices and then require additional fees later in the transactional process. More transparent pricing would allow consumers to make more informed decisions on purchases, which enhances consumer protections and promotes a more equitable economy.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Office of Governor Ned Lamont, Governor's Policy Counsel, Claire Botnick](#): states that Consumer Reports estimate that the average family of four loses \$3,200 per year to these undisclosed hidden fees also known as junk fees, service fees, or convenience fees. These cost often disproportionately affect low-income families who may lack the time, resources, or financial literacy to filter through these fees or search for more competitive prices. This proposed legislation would require that companies list the total price up-front and will combat deceptive fee practices, which misrepresent the nature and purpose of fees. A violation would be enforced by the Department of Consumer Protection and the Attorney General pursuant to the Connecticut Unfair Trade Practices Act.

[Connecticut Department of Consumer Protection, Commissioner, Shirley Skyers-Thomas](#): states that this proposed legislation protects consumers from companies that do not disclose hidden fees in an advertisement, display, or offer for a product or service. Consumers are often persuaded by deceptive advertising that lure people in with low advertised prices, and then require the consumer to pay additional undisclosed fees later in the transactional process. This legislation would promote open and honest transactions and raise consumer confidence in retail and services industries.

[Office of the Attorney General, Attorney General, William Tong](#): supports this bill and states that junk fees are a classic "bait-and-switch". They also state that this proposed legislation would close a loophole in last year's legislation by requiring all-in pricing from the moment the ticket is first advertised, displayed, or offered, even prior to the consumer selecting their seat. Since the enactment of Public Act 23-98, consumers have stated that ticketing platforms continue to offer tickets that do not include all-in pricing, prior to seat selection. They state that this would not burden businesses because it only makes plain what is already expected, which is to honestly tell consumers their costs up-front. This would also bolster the United States Federal Trade Commission's proposed Trade Regulation Rule on Unfair or Deceptive Fees, which Attorney General William Tong also supports.

NATURE AND SOURCES OF SUPPORT:

[American Hotel and Lodging Association, State and Local Government Affairs, Vice President and Policy Counsel, Sarah R. Bratko](#): states that they support consistent disclosure of lodging rates, fees, and taxes by all industry participants. They are implementing the clear publishing of the total price for lodging. They are requesting the committee amends lines 47-52 specifically to include tourism marketing or improvement districts to be included in the broader tax exemption.

[StubHub, North American Government Relations, Head, Kevin Callahan](#): supports this bill and states that they attempted to implement all-in pricing in 2014 in an attempt to gain a competitive advantage against their competitors in 2014, but due to their prices then being seen as higher, they lost customers and were forced to revert back to its former pricing display in 2015. They state that due to their experience, legislation is necessary to implement all-in pricing to achieve transparency and eliminate consumer confusion.

[CPA, James Curry](#): supports this bill because having high entrance requirements to become a CPA can keep some from applying for a license and have them switch to another occupation.

[American Economic Liberties Project, Director of State Policy, Pat Garofalo, Consumer Federation of America, Director of Consumer Protection, Erin Witte](#): states that junk fees raise prices by as much as 20% and cost the average American family more than \$3,000 per year. Banning junk fees would ensure that constituents have access to transparent pricing, allowing them to make more informed decisions on purchases. This would also enhance consumer protection and promote a more equitable economy. They state that the public overwhelmingly supports measures such as this proposed legislation.

[Spark Modern LLC, Representative, Thomas F. Healy](#): supports this bill and states the many therapeutic benefits of cannabis, the need to support our local hemp farmers, and the

importance of comprehensive legislation. It's imperative to support the local hemp farmers who are willing to contribute to their ecosystem, provided they operate within a regulatory framework that promotes sustainable business practices. Such regulatory framework should include clear guidelines on cultivation, production, and distribution of hemp-based products, quality control measures, legal protections for patients and consumers, and supportive policies to aid in navigating the market.

[TicketNetwork, Government Affairs, Director, Bruce Morris](#): supports this bill but states that a venue publishing a range of "face value" prices before tickets go on sale is practically impossible due to the dynamic nature of ticket pricing on primary and secondary platforms. They suggest that the language be changed to "shall be displayed in the ticket listing prior to the ticket being selected for purchase," to close the loophole in the current law without any undesired consequences.

NATURE AND SOURCES OF OPPOSITION:

[Technet, Northeast, Executive Director, Christopher Gilrein](#): states that this proposed legislation does not account for legitimate pricing practices that lead to variable fees such as shipping fees. They also state that they believe this proposed legislation should wait until after the Federal Trade Commission proposed rulemaking process ends to avoid any duplicative or contradictory regulations. They then state the difference between fixed pricing models and dynamic pricing models.

[DoorDash, Government Relations Manager, Christina Kennedy, Uber Technologies inc, Senior Policy Manager, Hayley Prim](#): states that this bill unnecessarily targets delivery platforms that disclose fees early in the consumer ordering process and operate in a highly competitive environment. They suggest delaying this bill until the FTC completes their rulemaking process to avoid conflicts and ambiguity between two regulatory schemes. They feel that this legislation overlooks the dynamic nature of the delivery market, where flexibility in pricing and promotions plays an important role in meeting consumer demand for affordable options. This would stifle innovation and limit the ability of delivery apps like DoorDash to offer discounts and other incentives at checkout. They are also concerned that the proposed language seeks to regulate legitimate pricing practices. This would also adversely affect merchant partners and drivers A.K.A. "dashers" due to the potential for this to decrease order frequency. They suggest also considering how this would affect online platforms like DoorDash, where third-party merchants set the prices of items offered for sale, while platforms charge fees to cover services related to connecting the consumer with the merchant and facilitating delivery.

[Booking Holdings inc, Head of U.S. State and Local Policy and Government Affairs, Zachary Russem](#): states that this proposed legislation does not provide for a level playing field because it does not apply to all advertisements of accommodations, such as Google or Apple Maps. They suggest changing the language to make it apply to all advertisements of accommodations with respect only to lodging advertisements. They also request an amendment to state that they will not be found in noncompliance if a hotel fails to provide the necessary information, with more specific language outlined in their testimony.

Reported by: Patrick Buckley

Date: 3/26/2024

