

California Passes Legislation Banning Junk Fees

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As we [reported](#) Friday, the FTC has proposed a rule to ban misleading and hidden fees. While that initiative is pending, California Governor Gavin Newsom signed similar legislation, [SB 478](#), into law. Effective July 1, 2024, the California statute prohibits advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges other than taxes or fees imposed by a government on the transaction, or postage or carriage charges that will be reasonably and actually incurred to ship the physical good to the consumer. The legislation takes aim at hidden fees where a seller uses an artificially low headline price to attract a customer but then imposes additional unavoidable charges later in the buying process or disclosed only in smaller print. The law contains a few exceptions/safe harbors. For example, food delivery platforms need not include in the menu prices the fees the platform charges for providing its services, and certain separately regulated industries (e.g., broadband internet access services, car rental companies, financial entities) who are in compliance with industry laws specifying how fees must be disclosed will not be in violation of this new law.

In a [press statement](#) hailing the new law, California Attorney General Rob Bonta highlighted certain industries—lodging, tickets

for live events, restaurants and food delivery—particularly susceptible of such tactics and declared that “With the signing of SB 478, California now has the most effective piece of legislation in the nation to tackle this problem.”

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