

ALERT

# Expanding Patchwork of State “Junk Fees” Laws Presents Compliance Challenges

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## ***—Installment 1 of Wiley’s State Consumer Protection Series—***

State laws regulating disclosures of fees and “total prices” have expanded, and we start our series of state consumer protection alerts with a deeper dive on key compliance obligations for these fee disclosure laws. These laws are often called “junk fees” or “drip pricing” laws, and they typically prohibit companies from advertising a base price without disclosing certain additional fees or charges that might otherwise be disclosed only later in the purchasing process. At a recent conference, state Attorneys General (AGs) identified enforcement of these laws as a priority, and it is an area where federal and state enforcers have collaborated. With greater scrutiny of pricing practices, compliance is not only increasingly important but also increasingly complex, as state laws vary on specific requirements and how they apply across industries like telecommunications, travel booking, hotel and short-term lodging, and ticketing and live events.

In addition to presenting complex compliance requirements, enforcement of these laws presents significant risk. For example, Minnesota allows penalties up to \$25,000 per violation, Massachusetts authorizes \$5,000 per violation, and the Connecticut AG is seeking \$39 million in a related case. And private plaintiffs may seek to bring parallel cases, creating significant class action litigation risk.

***Background: The FTC rulemaking produced a fee disclosure rule with a narrow scope***

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The FTC’s proposed rule on unfair and deceptive fees, which the prior Administration called the “junk fees rule,” helped lead the way on regulation in this area. Its 2022 Advanced Notice of Proposed Rulemaking (ANPRM) considered regulating fee disclosures in a range of industries including telecommunications, hospitality, financial services, online commerce, travel, higher education, live event ticketing, and automobile dealerships, among others. But after receiving public comments, the FTC finalized a more narrow rule in 2024 covering only live-event ticketing and short-term lodging industries. That rule requires all mandatory fees to be included in the advertised price, except for government-imposed taxes and shipping charges, while optional add-ons may be listed separately but must be clearly explained to consumers. In parallel with this high-profile FTC rulemaking, states have become increasingly more active and capitalized on the spotlight directed at fee disclosures.

***Emerging trend: State fee disclosure laws now cover additional industries***

Several states have followed the FTC’s model in adopting more narrow, industry-focused fee disclosure rules that require up-front pricing and include disclosure of all mandatory fees. For example, Maryland, New York, and other states have adopted ticket industry-focused laws that require disclosure of all fees.

But other states have enacted broader statutes that apply across many retail and consumer-facing industries. California, Minnesota, and Virginia have adopted similar laws that are in effect now, and Colorado’s and Connecticut’s cross-industry price and fee disclosure laws come into effect in 2026. In Massachusetts, the Attorney General implemented regulations earlier this year that create similar price disclosure requirements. Several states also have pending legislative proposals to adopt similar, cross-industry price disclosure laws.

***A compliance patchwork emerges: Covered fees and exemptions vary by state***

The scope and exemptions of “junk fee” laws vary across states, creating a fragmented and potentially confusing compliance environment with differences in what types of fees are covered under these laws and the scope of exemptions for many industries, including telecommunications and hotels and short-term lodging.

For example, while many state “junk fee” laws follow the FTC Rule approach, requiring that only mandatory fees that cannot be avoided must be included in the advertised price, Massachusetts’ junk fee regulation requires disclosure of the “maximum price a consumer must pay for a Product, inclusive of all fees, charges, or other expenses.” The regulation does not delineate between mandatory and avoidable fees. And although most states exempt shipping fees from the “total price” that must be disclosed up front, Connecticut’s law may require flat-rate shipping fees to be included in some circumstances.

Virginia’s law has a telecommunications exemption applicable to broadband internet service providers, cable operators, and direct broadcast satellite providers that comply with Federal Communications Commission regulations. Minnesota also takes a broad approach exempting all entities regulated by the state public utilities commission. However, California’s “Honest Pricing Law” contains an explicit exemption only for broadband internet service providers.

Some states have no special treatment for hotels and short-term lodging. But Virginia law provides that a “hotel is compliant with this section if” advertised prices include “a clear and conspicuous disclosure of the percentage of any automatic and mandatory gratuities charged.” In Colorado, hotels and short-term lodging companies, along with companies in other industries, are likely exempted under a provision applying to companies compliant with federal price transparency regulations applicable to the transaction, like the FTC’s unfair and deceptive fees rule.

### ***General UDAP laws still apply, even to exempted industries***

Even companies in industries exempt from specific “junk fees” laws are still subject to general laws prohibiting unfair and deceptive acts and practices (UDAP), such as Section 5 of the FTC Act and analogous state UDAP laws or “mini-FTC Acts.”

For example, the Texas AG recently reached a settlement for \$9.5 million in a long-standing lawsuit that alleged several travel booking websites violated Texas’s UDAP law by failing to disclose mandatory fees in initial advertised rates, later disclosing the additional fees using small font, and placing the disclosures inconspicuously so consumers wouldn’t see them. And on November 6, 2025, the Connecticut AG expanded an existing lawsuit against an internet service provider that alleges the company failed to disclose a “network enhancement fee” until after consumers had selected the service and placed it in their online shopping cart.

### ***Key compliance considerations for businesses***

Businesses must monitor developments closely as states continue to legislate and act in this area, increasing the risk of both state and joint state-federal enforcement. Some takeaways for companies include:

1. Assess which federal and state laws apply on an industry level.
2. Understand what fees need to be disclosed up front in each state with an applicable law.
3. Carefully assess what fees consumers may decline and what fees will be required.
4. Update and review compliance periodically, as this is an area with many pending legislative proposals and new laws appearing frequently.

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For more information, please contact one of the authors. Wiley’s State Attorneys General and FTC and Consumer Protection practices have a deep bench of attorneys experienced in price and fee disclosure laws, state Attorney General investigations and enforcement, and navigating the intersection of state and federal compliance issues.