

JAN 15 2025

A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that providers of
2 transient accommodations are adding junk fees to their
3 advertised rates and prices. Junk fees are hidden and bogus
4 fees that are designed to either confuse or deceive consumers or
5 to take advantage of lock-in or other forms of situational
6 market power. Some examples of junk fees include mandatory fees
7 that are not disclosed until after a transaction commences,
8 surprise fees that consumers learn about after purchase,
9 excessive fees that target consumers who have limited
10 alternative options, and fraudulent fees of which their nature
11 and purpose are misrepresented by the seller. Common
12 undisclosed mandatory fees include hotel resort fees and airline
13 baggage and change fees. These hidden mandatory fees prevent
14 consumers from making informed purchases and knowing how much
15 they are to pay for lodging or airfare. A 2022 report from the
16 White House estimates that Americans have paid over
17 \$8,000,000,000 in hotel and airline junk fees annually.



1 The practice of charging an undisclosed mandatory fee in
2 addition to the advertised price after the purchase process
3 begins is called "drip pricing". Drip pricing misleads
4 consumers of the actual amount they are to pay for a product or
5 service. Studies have found that drip pricing inhibits price
6 competition, while resulting in consumers paying more for a
7 product or service than they initially would have had the actual
8 and total price been advertised. Drip pricing can also create
9 an uneven playing field for businesses by making small and
10 medium companies that price in a fair and transparent manner
11 seem more expensive than their rivals. Drip pricing
12 additionally incentivizes companies to engage in "exploitative
13 innovation", where new junk fees are developed rather than the
14 quality of the product or service.

15 The legislature notes that there is national support to
16 reduce and eliminate the practice of drip pricing. For example,
17 the federal Junk Fee Prevention Act, S. 916. 118th Cong. (2023)
18 was introduced to curb and eliminate excessive, hidden, and
19 unnecessary fees that are unexpectedly imposed on consumers.
20 California recently passed the Consumers Legal Remedies Act,
21 2023, which would make it unlawful to advertise, display, or



1 offer a price for a product or service that does not include all
2 mandatory fees or charges, with exceptions. In October 2023,
3 the Federal Trade Commission proposed a new trade regulation
4 rule entitled the "Rule on Unfair or Deceptive Fees" that would
5 prohibit businesses from advertising prices that hide or omit
6 disclosing mandatory fees, prohibit sellers from misrepresenting
7 fees, and require sellers to disclose upfront the amount and
8 purpose of the fees and whether the fees are refundable. The
9 legislature believes that prohibiting people who pay transient
10 accommodations taxes from charging fees that were not disclosed
11 at the time of purchase and instead requiring them to fully
12 disclose the rate that a consumer is expected to pay upfront
13 will protect consumers from deceptive trade practices.

14 Accordingly, the purpose of this Act is to:

- 15 (1) Prohibit any person from charging any fees on a
16 transient accommodation or resort time share vacation
17 interest, plan, or unit that were not disclosed before
18 the time of purchase;
- 19 (2) Require a person to clearly and conspicuously display
20 a rate or price that includes all fees to be charged
21 at the time of purchase in each advertisement for a



1 transient accommodation or resort time share vacation
2 interest, plan, or unit; and

3 (3) Require any taxes and fees that are displayed as a
4 percentage of the cost on a booking transaction also
5 be displayed as a dollar amount at the time of
6 purchase.

7 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is
8 amended by adding a new section to part I to be appropriately
9 designated and to read as follows:

10 "§481B- Transient accommodations; booking transactions;
11 total price; disclosures; junk fees. (a) No person shall
12 charge any fee for a transient accommodation or resort time
13 share vacation interest, plan, or unit that was not disclosed
14 before the time of purchase.

15 (b) A person shall clearly and conspicuously display a
16 rate or price that includes all fees to be charged at the time
17 of purchase in each advertisement for a transient accommodation
18 or resort time share vacation interest, plan, or unit, including
19 online advertisements.



Report Title:

Consumer Protection; Transient Accommodations; Booking Transactions; Drip Pricing; Disclosures; Junk Fees

Description:

Prohibits any person from charging any fees on a transient accommodation or resort time share vacation interest, plan, or unit that were not disclosed before the time of purchase. Requires a person to clearly and conspicuously display a rate or price that includes all fees to be charged at the time of purchase in each advertisement for a transient accommodation or resort time share vacation interest, plan, or unit. Requires any taxes and fees that are displayed as a percentage of the cost on a booking transaction also be displayed as a dollar amount at the time of purchase.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

