



Unmasking Hidden Costs

A Look at "Junk Fees" in Utah

Presented to the Interim Business & Labor Committee
June 18, 2025

Key Terms



Drip Pricing

A pricing technique in which firms advertise only part of a product's price and reveal other charges later as the customer goes through the buying process.



Hidden Fees a.k.a “Junk Fees”

Hidden or deceptive fees tacked onto the advertised price of a good or service. These fees are often hidden until the consumer is close to completing a purchase, creating a “bait and switch” effect.

Junk Fee Examples: Selected Junk Fee Totals by Industry

- Junk fees charged by dealerships have been so egregious that when the FTC proposed a rule to eliminate them, more than 11,000 Americans submitted comments
- The Division has taken action in several instances of price and fee misrepresentation within the auto industry.

	Fees	Year
Cable fees	\$28 billion	2019
Credit card late payment fees	\$14.5 billion	2022
Restaurant service fees	\$10.8 billion	2023
Bank overdraft and non-sufficient funds fees	\$9.1 billion	2022
Airline baggage and change fees	\$8.3 billion	2019
Event ticket fees	\$7.14 billion	2023
Food delivery service fees	\$5 billion	2021
Auto dealer fees	\$3.4 billion	Expected
Hotel resort fees	\$3.3 billion	2022
Apartment application fees	\$276 million	2023

Junk Fee Examples: Common Examples of Junk Fees - Auto Dealers

- Utah auto dealer advertised a car at a certain price
- A consumer tried to buy the car at that price, but was told by the salesperson and two managers that a \$895 warranty was a mandatory purchase
- Consumer Protection entered into a settlement with the dealer imposing fines

BEFORE THE DIVISION OF CONSUMER PROTECTION
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF: [REDACTED]	SETTLEMENT AGREEMENT DCP Legal File No. CP-2024-063 DCP Case No. 149043
Respondent.	

The Utah Division of Consumer Protection (Division) and [REDACTED] enter into the following Settlement Agreement (Agreement) in exchange for good and valuable consideration the adequacy of which is hereby acknowledged.

1. Identity of Respondent.
[REDACTED]
2. Jurisdiction. Respondent admits to the jurisdiction of the Division over the parties and over the subject matter of this action.
3. Agency Action.
 - a. On or around December 7, 2023, a Utah consumer (Consumer) filed a complaint with the Division regarding the business practices Consumer experienced while purchasing a vehicle from Respondent on December 4, 2023.
 - b. During the Division's investigation, the Respondent provided the Division with video footage of the December 4, 2023 sales transaction involving Consumer. Upon review of the video, the Division discovered Respondent's salesperson, sales manager, and finance manager, on three separate occasions during the sales transaction, informed Consumer that the Kortenstone Vehicle Protection Product Warranty (Warranty) was a required purchase. The warranty was not listed on the advertised price of the vehicle. Consumer was charged an additional \$895 over the advertised purchase price of the vehicle.
 - c. The Warranty agreement presented to Consumer stated that the Warranty was optional and not required as represented by Respondent.

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Junk Fee Examples:

Common Examples of Junk Fees - Auto Dealers

- In August 2024, the Division of Consumer Protection sent a warning letter to all Utah auto dealers about deceptive practices including pricing and “non-optional” add-ons and other fees
- Auto sales and warranty related complaints are consistently in the Division’s Top 5 types of complaints.
- The Division always has active investigations in this space



August 2, 2024

RE: NOTICE OF UNLAWFUL ACTS CONCERNING AUTO SALES IN THE STATE OF UTAH

Dear Utah Car Dealer:

The Utah Division of Consumer Protection (“Division”) is mandated to investigate and enforce state statutes enacted to prevent businesses from engaging in deceptive acts and practices against consumers in the course of consumer transactions. The Division is also responsible for educating the public, including businesses, on consumer issues. See Utah Code § 13-2-1 *et seq.*

The Division has received numerous complaints from Utah consumers related to the conduct of Utah auto dealers during the purchase of a motor vehicle. After conducting investigations into these allegations, the Division has determined that the below acts or practices used in the advertising and sale of motor vehicles by Utah dealers are deceptive acts or practices. We recommend that you carefully review this letter and take any steps necessary to ensure that your company’s practices do not violate the law.

Utah Consumer Sales Practices Act and Consumer Sales Practices Act Rule
Utah Code § 13-11-1 *et seq.*, Utah Admin. Rule R152-11-1 *et seq.*

Falsely representing that “optional” products and services are mandatory

It is a deceptive act or practice to advertise a motor vehicle for sale at a specified price and subsequently require consumers to purchase third-party or aftermarket products and services (e.g. service contracts, theft registration, GAP insurance, etc.) above the advertised price of the vehicle.

Dealers may only sell third-party or aftermarket products and services to consumers in connection with the sale of a motor vehicle if the products and services are *optional* and not included in the advertised price of the vehicle.

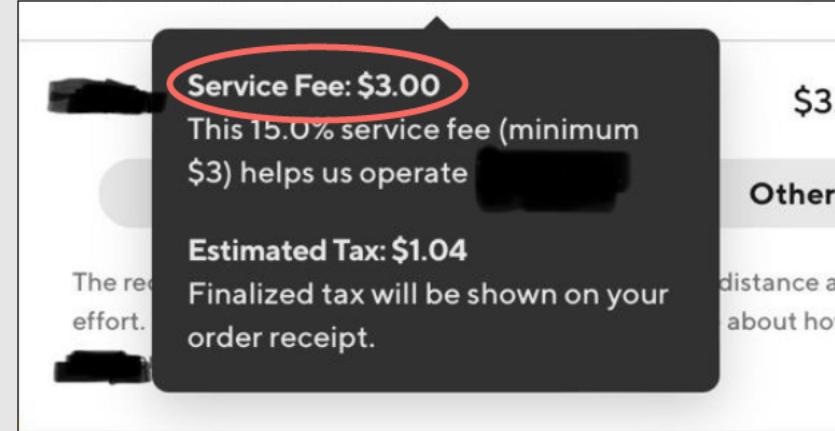
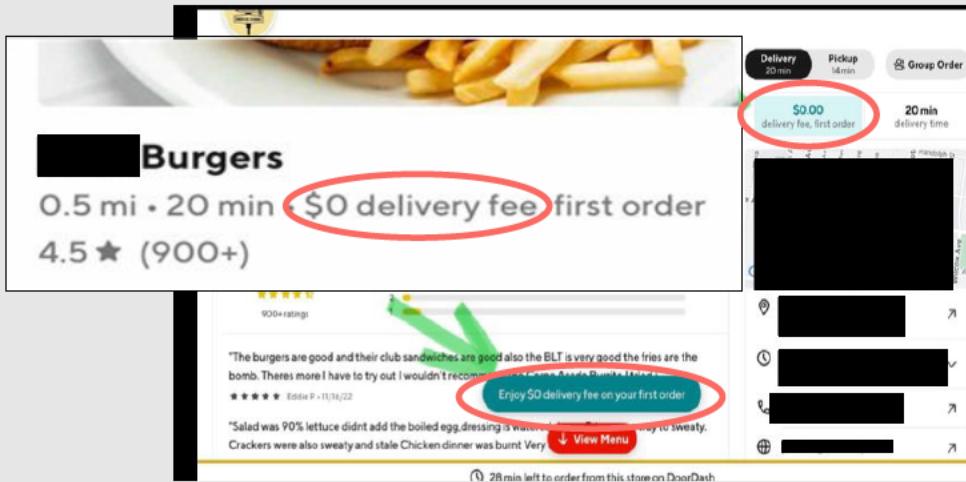
Junk Fee Examples: Selected Junk Fee Totals by Industry

 A New York Times investigation found that fees can mark up the price of a delivery app meal as much as 91% - not including tip

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Junk Fee Examples:

Common Examples of Junk Fees - Food Delivery

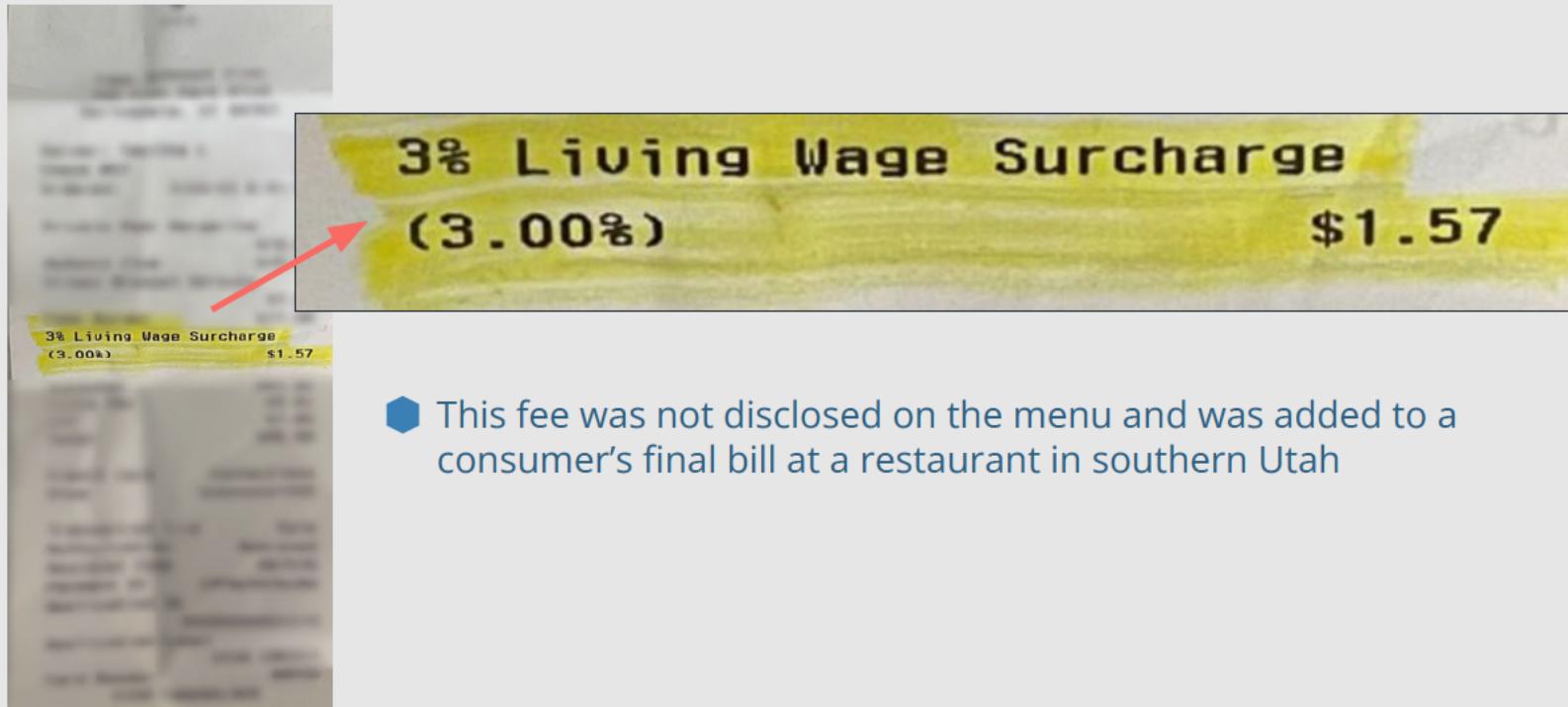


- App promises “\$0 delivery fee” in different locations throughout ordering process

- Previously undisclosed, ambiguous “Service fee” included at checkout

Junk Fee Examples:

Common Examples of Junk Fees – Restaurants



- This fee was not disclosed on the menu and was added to a consumer's final bill at a restaurant in southern Utah

Junk Fee Examples: Selected Junk Fee Totals by Industry

- ◆ A recent report from the National Consumer Law Center detailed widespread use of arbitrary fees throughout each stage of the renting process.
- ◆ These include inescapable “convenience fees” on all payment methods and excessive late fees

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Junk Fee Examples: Common Examples of Junk Fees - Housing

Original Estimate

\$1,398.00

Enter the exact amount you'd like Flex to pay your property. Resolve this issue by May 5th.

Rent bill details

Original Estimate

\$1,398.00

Total rent bill

\$1794.80

Utility Administrative Fee

\$5.25

Sewage

\$134.48

Renters Liability Insurance

\$15.00

Total due to property

\$1794.80

Utility Administrative Fee

\$10.00

Property Tax Fee

\$15.00

Communications Fee

\$60.00

Pest Control Fee

\$10.00

Rent

\$1398.00

Total due to property

\$1794.80

Property Tax Fee

\$15.00

Communications Fee

\$60.00

Pest Control Fee

\$10.00



Junk Fee Examples: Common Examples of Junk Fees - Housing

What Utah consumers are saying:



r/SaltLakeCity • 2 mo. ago

...

Apartment charging 140\$ in fees?

Hi team,

Just curious if this is normal or if I'm being scammed lol

I pay about 1300 in rent, and then my apartment charges 140 in fees. These do NOT include gas or electricity - I pay for those separately.

Junk Fee Examples: Common Examples of Junk Fees - Housing

What Utah consumers are saying:



• 2mo ago

Welcome to UT my friend. And you haven't mentioned the media package on those services you pay 😱

↑ 2 ↓

Reply

Award

Share

...

Yeah. Welcome to the hell that is apartment rentals in SLC.

Junk Fee Examples: Common Examples of Junk Fees - Other

- **Cable**
 - Hidden fees in cable bills affect 69% of Americans and raise bills by an average of \$450/year per customer
- **Cell Phones**
 - Cell phone bills contain bogus fees slipped in by providers. They are often arbitrary and have ubiquitous names (e.g. “administrative charge,” “regulatory charge”)
- **Rental cars/Moving Trucks**
 - 31% of Americans report having experienced junk fees while renting a car in the last two years. These fees can add up to as much as 80% of the base rate of the rental
- **Storage Units**
 - Storage units have been rising at an unprecedented rate in recent years due to increased demand in a tight housing market and a growing list of bogus fees
- **Utilities**
 - 41% of Americans report experiencing junk fees in their utility bills, which have become more common in recent years

Junk Fee Examples: Common Examples of Junk Fees - Other

- **Hotels**
 - Vague and hidden fees like “check-in” and “resort” fees have become ubiquitous in the hospitality industry, which cost Americans \$2.93 billion in 2018
- **Live Event Ticketing**
 - 44% of Americans report having experienced junk fees in live event ticketing in the last two years. Fees within these purchases can lead to consumers spending 21% more than they otherwise would

* The Federal Trade Commission has addressed junk fees within the hotel and live event ticketing industries with
FTC Junk Fee Rule - 16 CFR 464

Junk Fees: Executive Order Combating Unfair Practices in the Live Entertainment Market

“ America’s live concert and entertainment industry is the envy of the world. But it has become blighted by unscrupulous middlemen who sit at the intersection between artists and fans and impose egregious fees while providing minimal value. **”**

President Donald J. Trump
Executive Order 14254
March 31, 2025

Federal Regulation: FTC Junk Fee Rule - 16 CFR 464

◆ Overview

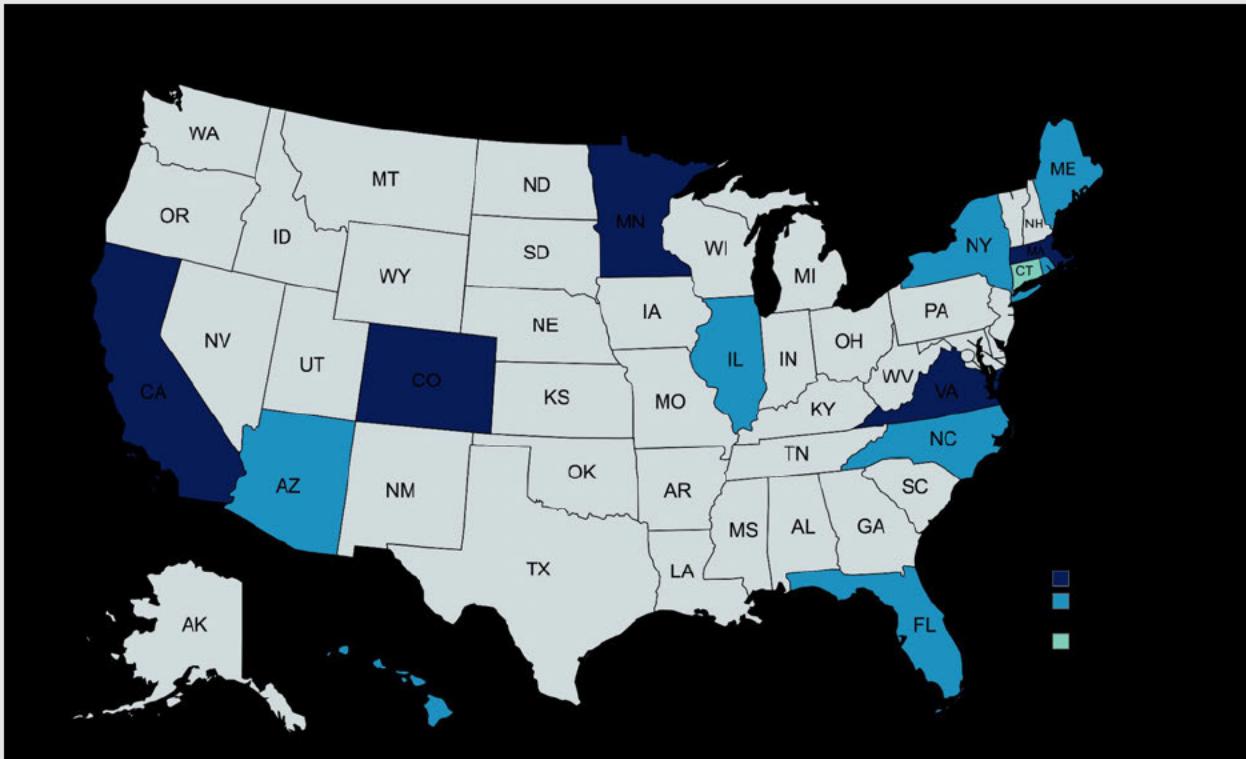
- The Rule addresses deceptive pricing practices in **live-event tickets and short-term lodging**.
- It mandates that businesses clearly, conspicuously, and prominently display the total price, including all mandatory fees, upfront in any offer or advertisement.
- It does not ban specific fees or pricing strategies, but instead mandates transparency and prevents deception.

Federal Regulation: FTC Junk Fee Rule - 16 CFR 464

◆ Basic Requirements

- The total price, including charges or fees the business knows about and calculate, must be disclosed up front.
- Taxes, shipping charges, charges for optional goods or services a consumer may select in the same transaction, or other government charges can be excluded from the total price.
- The total price must be displayed prominently.
- Before prompting consumers to pay, the business must disclose charges it has previously excluded from the total price. This should include the nature, purpose, and amount of all such charges.
- Businesses must describe what fees are for and **avoid vague phrases like “convenience fees,” “service fees,” or “processing fees”**.

State Regulation: State Responses to Junk Fees



Active Legislation 2025

- Arizona: [SB1167](#)
- Colorado: [HB25-1090](#)
- Connecticut: [HB5558](#)
- Florida: [HB1005](#)
- Hawaii: [SB50/HB321](#)
- Illinois: [SB1486/HB62](#)
- New York: [S363/A1821](#)
- Rhode Island: [SB17](#)
- Virginia: [SB1212/HB2515](#)
- Maine: [HP 268](#)
- North Carolina: [H955](#)

State Regulation: State Responses to Junk Fees

Virginia

Virginia SB 1212

“No supplier shall, in connection with a consumer transaction, advertise or display a price for goods or services without clearly and conspicuously displaying the total price, which shall include all mandatory fees or surcharges.”

Colorado

*Colorado House
Bill 25-1090*

“A person shall not offer, display, or advertise an amount a person may pay for a good, service, or property unless the person offering, displaying, or advertising the good, service, or property clearly and conspicuously discloses the total price for the good, service, or property as a single number without separating the total price into separate fees, charges, or amounts.”

Minnesota

*Minnesota Statute
325D.44*

“A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person advertises, displays, or offers a price for goods or services that does not include all mandatory fees or surcharges.”

Utah Regulation: Utah Consumer Sales Practices Act & Deceptive Fees

- ◆ **Deceptive “price advantage” misrepresentations**

UCSPA, § 13-11-4(2)(h)

- ◆ **Material exclusions from an advertised price**

UCSPA Rule, R152-11-2(A)

- ◆ **Unconscionable acts or practices in consumer transactions**

UCSPA, § 13-11-5

Questions?

