

5 KEY TAKEAWAYS

Marketing and Advertising in California: Compliance with the “Honest Pricing Law”

Kilpatrick partners [Michele Floyd](#) and [Evan Nadel](#) recently presented a webinar to the Association of Corporate Counsel’s Georgia Chapter on the topic of “Marketing and Advertising in California: Compliance with the ‘Honest Pricing Law.’” They addressed California SB 478 also known as the “Honest Pricing Law” or “Hidden Fees Statute” that went into effect on July 1, 2024, making it unlawful to list prices without including all mandatory fees.

Some key takeaways from their presentation are below:

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California’s Consumers Legal Remedies Act has been amended to make it unlawful to advertise, display or offer a price that does not include all mandatory fees or charges. This means California now requires showing the all-in price for consumer goods and services from the FIRST time the price is shown.

All fees that a consumer cannot avoid—like “service charges,” “administrative fees,” “resort fees,” and “handling”—must be included in the advertised price, except for government-imposed taxes and the actual shipping cost.

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The goal is to eliminate “junk fees” or “drip fees” that make it more difficult for consumers to accurately comparison shop and effectively penalize more transparent merchants who do not try to lure in buyers with misleadingly low prices that increase just before purchase.

There are a few notable exceptions to the new law, including for broadband internet access services and for financial entities, but only if those companies comply with fee disclosure laws specific to their industries and transactions, such as the federal Truth in Lending Act (TILA) or Real Estate Settlement Procedures Act (RESPA).

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Another key exception is for food and beverage items sold by restaurants, bars, grocery stores and grocery delivery services, but only if any mandatory fee or charge not shown in the price of an individual item is “clearly and conspicuously displayed” with an explanation of its purpose.

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