

United States Senate

WASHINGTON, DC 20510

February 6, 2024

The Honorable Lina M. Khan
Chair
Federal Trade Commission
600 Pennsylvania Ave, NW
Washington, DC 20580

Re: Federal Trade Commission Notice of Proposed Rulemaking, “*Rule on Unfair or Deceptive Fees*,” 88 FR 77420

Dear Chair Khan:

I write today in support of the Federal Trade Commission’s (“Commission”) proposed rule entitled, *Rule on Unfair or Deceptive Fees*,” which was proposed on November 9, 2023.¹ The proposed rule, if finalized, would protect Americans from hidden and bogus fees, often referred to as “junk fees,” that are tacked onto consumer purchases, from cable bills and apartment rental agreements to car rentals, plane tickets, and hotel reservations. Across the Nation, families are struggling to make ends meet, in part, because of these fees. As such, I encourage the Commission to finalize this proposed rule as soon as possible.

On January 24, 2024, I released a report entitled, “*Additional Charges May Apply: How Big Corporations Use Hidden Fees to Nickel, Dime, and Deceive American Families.*”² My report details how corporations use hidden fees to deceive consumers and increase corporate profits, which leaves families paying more than they should and puts honest businesses at a disadvantage. My report tracks the variety of junk fees facing families trying to pay their bills, estimating that an average Pennsylvania family may pay nearly \$1,000 in junk fees alone over a single month.³

As the Commission correctly identified, Americans incur a significant burden from “hidden” and “misleading” fees. One estimate indicated that at least 85 percent of consumers have encountered an unexpected or hidden fee.⁴ My report highlights multiple instances where consumers are unaware that they will be expected to cover a fee until the final bill comes due. For instance, the final bill for a rental car could be 67 percent higher than the quoted base price because of junk fees.⁵ The consumer may also have little insight into what services they are paying for through the fee. Hotels and resorts have developed a practice of charging consumers “facility fees” and “destination fees”⁶ that cover services a consumer could consider standard—like internet access

¹ <https://www.regulations.gov/document/FTC-2023-0064-0001>

² <https://www.casey.senate.gov/news/releases/additional-fees-may-apply-casey-releases-greedflation-report-exposing-corporations-for-charging-excessive-hidden-fees>

³ https://www.casey.senate.gov/imo/media/doc/greedflation_junk_fees3.pdf (page 6)

⁴ <https://www.consumerreports.org/money/fees-billing/protect-yourself-from-hidden-fees-a1096754265/>

⁵ https://www.casey.senate.gov/imo/media/doc/greedflation_junk_fees3.pdf (page 5)

⁶ <https://www.washingtonpost.com/travel/2023/12/01/resort-fees-hotels-deposits/>

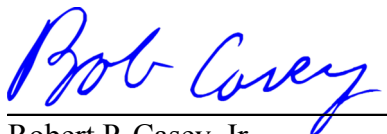
or access to a room safe—and extras that the consumer does not need or want, like bike rentals, tours, and unlimited calling.⁷

Fees are not limited to vacation purchases or luxury items—fees are tacked onto consumers’ everyday expenses. For instance, fees are increasingly added to apartment leases and cable bills. In a survey of tenants, more than 85 percent of respondents reported that their landlords charged rental application fees and excessive late fees.⁸ Estimates also indicate that cable bills are 33 percent higher than the advertised price when fees, taxes, and other charges are added to the bill.⁹

Corporations profit off unwilling and unaware Americans through junk fees. In 2018, the hotel industry made \$2.9 billion from resort and amenity fees.¹⁰ Similarly, the cable industry is making an estimated \$28 billion per year in corporate profits from junk fees—an average of \$450 per customer per year.¹¹ Corporations recognize that fees drive profits up—with some going as far as to note that fees make up a “substantial majority” of revenue and that restrictions on fees could impact “profitability.”¹² Corporations should not be permitted to deceive Americans in pursuit of profits.

Consumers should be able to make informed decisions without being saddled with hidden or bogus fees at the end of their purchases. Bringing transparency to junk fees will allow Americans to comparison shop for the product that best meets their needs and will protect honest businesses that are upfront with consumers about the price of their product. In my recent report, I laid out three priorities when it comes to combatting junk fees: (1) fighting deceptive practices that allow corporations to hide the fees they charge consumers; (2) preventing corporations from deceptively passing along their expenses to working families through bogus fees; and (3) protecting businesses that are honest about their pricing structures.¹³ The Commission’s proposed rule accomplishes these goals, and on behalf of Pennsylvania consumers, I strongly encourage the Commission to finalize the proposal as soon as possible.

Sincerely,



Robert P. Casey, Jr.
United States Senator

⁷ <https://www.nerdwallet.com/article/travel/hotel-resort-fees#hotels-with-the-highest-and-lowest-resort-fees>

⁸ <https://www.nclc.org/wp-content/uploads/2023/02/Final-NCLC-et-al.-Group-Comments-re-Rental-Housing-Junk-Fees-with-Addenda.pdf>

⁹ <https://advocacy.consumerreports.org/wp-content/uploads/2019/10/CR-Cable-Bill-Report-2019.pdf>

¹⁰ <https://www.consumerreports.org/fees-billing/how-to-avoid-sneaky-hotel-fees/>

¹¹ <https://advocacy.consumerreports.org/wp-content/uploads/2019/10/CR-Cable-Bill-Report-2019.pdf>

¹² https://www.casey.senate.gov/imo/media/doc/greedflation_junk_fees3.pdf (page 12, 13)

¹³ https://www.casey.senate.gov/imo/media/doc/greedflation_junk_fees3.pdf (page 16)