



# Avoid 'Junk Fees'

## Be sure to disclose additional charges up front

by: Greg Goldberg, BTA General Counsel

Last month, Legal Perspective assessed the impact of import tariffs on goods entering the United States and suggested potential mitigation strategies. In most cases, dealers will have no choice but to pass along cost increases directly to customers in the form of “tariff fees,” “tariff surcharges” or increased prices. But just as many dealers are adjusting pricing to keep pace with cost pressures, it is important to ensure that price increases comply with federal and state rules prohibiting so-called “junk fees.”



“Junk fees” are deceptive or unfair charges that are either hidden from customers or disclosed too late in the purchasing process. At the federal level, a new Federal Trade Commission (FTC) rule went into effect in May targeting “junk fees” tacked onto live-event tickets and short-term lodging rentals. The rule requires companies like Live Nation and Hilton to disclose the total price of concert tickets and hotel rooms up front. Add-ons, such as convenience charges or resort fees that appear at checkout, are no longer permissible.

Even though the FTC’s rule banning “junk fees” does not specifically address office technology equipment, it is an important development because the FTC has warned that Section 5 of the FTC Act grants the agency broad authority to regulate deceptive pricing across industries.

### State Regulations: A Growing Trend

Federal action is only part of the picture. Several states have passed or proposed legislation that is aimed at curbing “junk fees.” Because these rules depend on the location of customers, dealerships that are operating across state lines must be particularly vigilant. For example:

- California’s Senate Bill 478 prohibits businesses from advertising a price that does not include all mandatory fees, with exceptions only for government-imposed taxes and shipping.
- New York has issued guidance requiring price transparency in both online and offline transactions, with enforcement actions already targeting companies across multiple industries.
- Colorado passed a law requiring businesses to present the total price — including required fees — in any advertisement, online post or promotional offer.

### Fees That May Raise Flags

In the office technology industry, several different fees could attract scrutiny from the FTC or state enforcement agencies:

- Lease setup or documentation fees not clearly included in the advertised or quoted monthly price.
- Meter reading or maintenance charges that are added without being detailed in the original service agreement.
- Restocking or early-return fees tacked on to final invoices that are not itemized in the original equipment lease.
- Mandatory add-ons, such as software support or installation charges that are not optional.

### Practical Compliance Tips

There are several steps dealers can take to remain compliant — and stay ahead — in this changing regulatory environment:

- (1) Audit Fee Structures:** Take a hard look at every fee you charge — from delivery and installation to administrative costs — and determine what fees are mandatory versus optional. Make sure all mandatory fees are clearly disclosed in prices quoted to customers early in the sales cycle.
- (2) Update Quotes and Contracts:** Ensure pricing documents, proposals and contracts reflect the total cost. Avoid line-item charges that appear only at the final invoice stage. Even if the exact fee cannot be determined, identify the percentage of the fee.
- (3) Train the Sales Team:** Sales team members should be equipped to explain all charges clearly and accurately. Misleading or misinformed verbal sales tactics may result in the same consequences as a confusing website or print ad.
- (4) Monitor State Laws:** Assign someone in the organization or work with legal counsel to stay up to date on state-specific developments in every state customers are located.
- (5) Communicate Clearly:** Transparency is key. Customers are more likely to accept price increases tied to tariffs or other external factors when they feel informed and valued.

The consequences of imposing an impermissible “junk fee” may range from potentially losing a customer to defending against a class-action lawsuit. When in doubt, remember it is always advisable to disclose fees up front. ■

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