

House Committee on Corporations
Rhode Island State House
82 Smith St, Providence
Rhode Island 02903

The logo for the American Economic Liberties Project, featuring the text "AMERICAN ECONOMIC LIBERTIES PROJECT" in white, uppercase letters on a dark blue rectangular background. The background of the entire page has a light blue wavy pattern.

Subject: Testimony in Support of HB 5247

Dear Chair Solomon Jr., and Members of the Committee,

My name is Pat Garofalo, and I am the director of state and local policy at the American Economic Liberties Project, a research and advocacy organization dedicated to reducing the power corporations wield over our economy and democracy, in pursuit of economic liberty for all. I am writing to express our strong support for HB 5247, the proposed legislation to ban junk fees in Rhode Island.

HB 5247 is a crucial step toward safeguarding consumers from exploitative pricing tactics. Hidden and deceptive junk fees have become pervasive in a variety of industries, including live event ticket sales, hotel reservations, cable and phone bills, rental housing, storage unit rentals, food delivery services and more. These fees are tacked on at or near the end of transactions without consumers' prior knowledge or consent, drastically altering the final price of a product or service from the price that was initially advertised.

Research has shown that junk fees raise prices by as much as 20 percent and cost the average American family more than \$3,000 per year. Across the economy, they total billions of dollars annually.

By enacting this legislation, you can ensure that your constituents have access to transparent pricing information, allowing them to make informed decisions about their purchases through honest comparison shopping. Banning junk fees empowers individuals by providing them with the knowledge that the advertised price is the actual price, and allows consumers to navigate the marketplace with trust and confidence. It enhances consumer protection and promotes a more equitable economy that works for everyone.

Moreover, it sends a clear message to corporations that exploitative pricing practices will not be tolerated in your state. Upfront pricing practices promote healthy competition among businesses, driving innovation and improved quality in the market, and protect honest businesses by no longer privileging corporations that depend on bogus fees to capture market share.

Corporations should be transparent about the costs associated with their products and services, rather than resorting to hidden fees to boost their profits. Local businesses with transparent pricing practices shouldn't be harmed by appearing artificially more expensive than those that rely on backloaded junk fees.

To be clear, this legislation only covers *mandatory fees* that the consumer can not avoid. It does not tell businesses what price they can charge, and it does not prevent the use of optional add-ons

that the consumer affirmatively chooses. It simply says that if a fee must be paid in order to complete the transaction, that fee must be disclosed, up front, and included in the total price, so consumers know the actual price they are agreeing to pay for the product or service they wish to purchase.

The public overwhelmingly supports measures to ban junk fees. The Biden Administration's Federal Trade Commission banned junk fees in the live events and temporary lodging industries but that rule is tied up in court, and could be overturned by Congress.

So it's more vital than ever that states take the lead in protecting their own consumers and local businesses. Consumers are tired of being nickel-and-dimed by hidden charges and are demanding greater transparency and fairness in pricing. To that end, two states – Minnesota and California – have already implemented broad bans on junk fees, and many more, including Connecticut, New York, and Maine, have bills similar to HB 5247 under consideration this year.

Thank you for considering my testimony, and I urge you to take swift action in support of HB 5247.

Sincerely,

Pat Garofalo
Director of State and Local Policy
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