



May 8, 2023

The Honorable Chris Holden  
Chair, Assembly Appropriations Committee  
1021 O Street, Suite 8220  
Sacramento, CA 95814

**RE: Assembly Bill 537 (Berman) – SUPPORT  
As Amended on 4/19/2023**

Dear Assembly Member Holden,

Our organizations representing consumers, small business and low and moderate-income communities all stand in strong support of AB 537 by Assemblymember Berman (D – Menlo Park), sponsored by the Consumer Federation of California, which prohibits hotels and short-term lodging establishments from advertising or offering a room rate that does not include all fees required to book or reserve the room.

AB 537 is part of a multi-bill package sponsored by CFC and a wide range of consumer and small business organizations to crack down on so-called “junk fees.” CFC has worked on this topic for years, and now the nature of these fees and the negative impact they have on consumers and their pocketbooks is being widely recognized and driving important public policy changes. Some 85% of Americans have had direct experience in one form or another with hidden or junk fees. These fees are deceptive, infuriating, and unnecessary. That’s why President Biden and some leading Republicans agree that combating these junk fees is important.

Deceptive advertising in the lodging industry has increased over the last few years, with many hotels, motels, and short-term rentals not disclosing hidden fees up front. Across the U.S., hotels generated approximately \$3 billion from mandatory fees in 2018 alone, an 8.5% increase compared to 2017.<sup>1</sup> Some hotels and alternatives to lodging establishments charge separate mandatory “resort fees” or “cleaning fees” but fail to disclose them until very late in the booking

---

<sup>1</sup> Hugo, M. (2019). Those hidden resort fees you hate paying? Travel websites fight back. The New York Times. <https://www.latimes.com/business/story/2019-08-26/booking-com-takes-on-hotel-resort-fees>

process or at final “checkout” as a way to manipulate internet searches by consumers. In some cases a cleaning fee can equal, or even exceed, the nightly rate and is not included in the advertised rate until a consumer goes to book the rental. Multiple states (Nebraska, Pennsylvania) and jurisdictions (DC) have taken legal action on a bipartisan basis against resort fees. AB 537 will make it illegal for lodging establishment to advertise or offer a room rate that does not include all fees and taxes required to stay in the room. This bill will apply to lodging establishments, so-called “consolidator” sites and alternatives such as AirBNB.

Although some suggest that requiring up-front disclosure of taxes places California businesses at a competitive disadvantage, this is not true. Studies reveal that “consumers are not only willing to pay more when pricing is clear and transparent but also likely to accelerate their purchase”.<sup>2</sup> Price transparency increases a consumers trust with the business and decreases their likelihood to search for alternatives, saving time and money. Establishing rules like AB 537 within the market is not only beneficial to the consumer but to businesses in California.

As these deceptive practices continue to grow across the state and country, California should stand up for consumers and ensure that lodging establishments are disclosing their entire cost upfront. Without this disclosure, consumers will continue to be deceived through these advertising practices. Consumers deserve to transparently know the full true price of their lodging options before making a purchasing decision.

We respectfully ask for your support and aye vote on AB 537. Thank you for your consideration of this request.

Sincerely,



Robert Herrell, Executive Director  
Consumer Federation of California



Charles Bell, Programs Director, Advocacy  
Consumer Reports



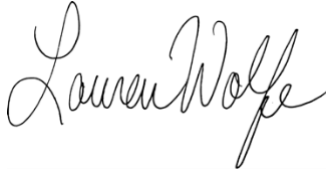
Maeve Elise Brown, Executive Director  
Housing and Economic Rights Advocates (HERA)

---

<sup>2</sup> Hanna, R. C., Lemon, K. N., & Smith, G. E. (2019). Is transparency a good thing? How Online price transparency and variability can benefit firms and influence consumer decision making. *Business Horizon*, 62(2), 227-236.  
<https://doi.org/10.1016/j.bushor.2018.11.006>

A handwritten signature in black ink, reading "Carmen Balber". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Carmen Balber, Executive Director  
Consumer Watchdog

A handwritten signature in black ink, reading "Lauren Wolfe". The signature is cursive and elegant, with a prominent "L" and "W".

Lauren Wolfe, Counsel  
Travelers United

CC: Members and Staff, Assembly Appropriations Committee  
Assembly Member Berman