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Chapter 111 – Junk Fees (H.F. 3438/ S.F. 3537)

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Overview

Chapter 111 requires a person to disclose mandatory fees in advertisements or offers for goods or services. Chapter 111 does not ban mandatory fees or surcharges as long as the mandatory fees or surcharges have been disclosed in a clear and conspicuous manner.

Chapter 111 Act Summary

Section 1 states that a person engages in deceptive trade practice when the person advertises, displays, or offers a price for goods or services that does not include all mandatory fees or surcharges.

Mandatory fees include: (1) fees or surcharges that must be paid in order to purchase the goods or services being advertised; (2) is not reasonably avoidable by the consumer; or (3) a reasonable person would expect to be included in the purchase of the goods or services being advertised. A mandatory fee does not include taxes imposed by the government.

A delivery platform is compliant with this section if they disclose in a clear and conspicuous manner that an additional fee or percentage is charged, and if the delivery platform displays a subtotal page that itemizes the price of menu items and any additional fees that are included in the total cost.

A person may charge a reasonable postage or shipping fee that is actually incurred by a consumer who has purchased a good that requires shipping.

A person may offer goods or services at a discounted price from the advertised, displayed, or offered price.

A person offering goods or services in an auction is compliant with this section if they disclose in a clear and conspicuous manner any mandatory fees associated with the transaction and that the total cost may vary.

A person offering services where the total cost of a service is determined by consumer selections, or where the total cost of the service relates to distance or time, is compliant with this section if the person discloses the factors that determine the total price, any mandatory fees associated with the transaction, and that the total cost of the services may vary.

Food or beverage service establishments (including hotels) are compliant with this section if, in every offer or advertisement for the purchase of a good or service that includes pricing information, the total price of the good or service being offered or advertised includes a clear and conspicuous disclosure of the percentage of any automatic and mandatory gratuities charged.

A person is compliant with this section if the person providing broadband Internet access service on its own or as part of a bundle is compliant with the broadband consumer label requirements under Code of Federal Regulations, title 47, section 8.1(a).

A person is compliant with this section if the person is compliant with the pricing requirements under United States Code, title 47, section 552.

Section 2 provides exemptions for: (1) fees authorized by law related to the purchase or lease of a motor vehicle that are charged by a motor vehicle dealer; (2) any business or the business' affiliate where either the business or the affiliate is regulated by the Minnesota Public Utilities Commission; or (3) any fees, surcharges, or other costs associated with settlement services, as defined in the Real Estate Settlement Procedures Act.