

JUNE 13, 2024 | STATE & LOCAL TRENDS

California's SB 478 – Prohibiting Hidden Fees, Takes Effect on July 1st!

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California SB 478 (also known as the "Honest Pricing Law" or the "Hidden Fees Statute") is set to go into effect on July 1, 2024. SB 478 amends the California Civil Code as follows:

(a) The unfair methods of competition and unfair or deceptive acts or practices listed in this subdivision undertaken by any person in a transaction intended to result or that results in the sale or lease of goods or services to any consumer are unlawful:



(29) (A) Advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges other than either of the following:

(i) Taxes or fees imposed by a government on the transaction.

(ii) Postage or carriage charges that will be reasonably and actually incurred to ship the physical good to the consumer.

SB 478 generally applies to the sale or lease of most goods and services that are for a consumer's personal use, including event tickets, hotels and other lodging, restaurants, and food delivery. The law does not apply to the purchase or lease of goods or services for commercial use. The practical application of this law will vary from business to business and industry to industry. The purpose of this blog article is to ensure businesses are aware of the law and have considered how it applies to their operation.

This law only requires **mandatory** fees or charges to be included in advertised pricing. Fees that are contingent on the consumer's conduct or which are not automatically included in the transaction do not need to be included in the advertised price. For example, in restaurants, this may mean that a mandatory gratuity must be included in the advertised price.

Importantly, this law does not change what price a business can charge or what may be included in the price. It only requires that the price listed include all mandatory charges consumers will pay for the good or service.

The risk of failing to comply with SB 478 could be substantial. Businesses could be subject to civil litigation, which could result in a variety of damages including actual damages and attorney's fees. Businesses could also

be subject to class action lawsuits, civil penalties, or injunctions.

Last week, State Senator Bill Dodd, who drafted SB 478, introduced SB 1524 in the legislature. SB 1524 would exempt restaurants from the requirements of SB 478.

We understand that navigating this law may be tricky and the ramifications of failing to comply could be extremely expensive. Our national Labor and Employment Practice stands ready to assist businesses with all aspects of SB 478. We will also continue to monitor SB 1524 as it makes its way through the legislature and provide updates as they occur.