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1st Session

SENATE

REPORT
119–15

HOTEL FEES TRANSPARENCY ACT OF 2025

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 314

APRIL 28, 2025.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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HOTEL FEES TRANSPARENCY ACT OF 2025

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Mr. CRUZ, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 314]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 314) to prohibit unfair and deceptive advertising of prices for hotel rooms and other places of short-term lodging, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of S. 314 is to prohibit covered entities from advertising a price for short-term lodging that does not clearly, conspicuously, and prominently include the total price, including all fees.

BACKGROUND AND NEEDS

Price transparency is a key factor in a free and fair market. Consumers have experienced hidden fees or drip pricing—where only part of the price for a product or service is disclosed up front and additional charges are revealed or imposed through the purchasing process—in a number of contexts. Drip pricing is the practice of advertising only part of a product's price up front and revealing additional charges later as a consumer goes through the purchasing process. In the hotel and short-term rental industry, these fees can be revealed throughout the booking process, or even imposed upon check-in.[1] When these practices are used, consumers will likely experience additional mandatory charges or fees on their purchase, which are not disclosed to the consumer with the initial or advertised price. As a result, consumers may pay significantly more for hotel services than the advertised price. Consumers also may be unable to effectively comparison shop for hotels and short-term rentals. A 2019 report by Consumer Reports found that at least 85 percent of Americans have encountered an unexpected or hidden fee for a service they had used in the past 2 years.[2]

The Federal Trade Commission (FTC) has long expressed concerns with these practices, noting that failing to disclose the full price of goods or services in advertisements can deceptively lower consumers' estimates of how much they expect to (and will) pay for a product or service.[3] In 2012, the FTC held a conference to examine drip pricing.[4] FTC staff made a recommendation for up-front pricing in a 2017 staff report.[5]

The Department of Transportation already requires airlines to advertise the full fare for air transportation.[6] This legislation will provide consumers with a consistent experience when booking lodging.

In enforcing their consumer protection statutes, State attorneys general have addressed fee disclosure in the hotel and lodging sector. In 2023, the State attorneys general from Pennsylvania, Colorado, Nebraska, and Oregon entered into a binding settlement with a hotel chain to require the upfront disclosure of all mandatory fees to consumers.[7]

In June 2023, the Subcommittee on Consumer Protection, Product Safety, and Data Security of the Senate Committee on Commerce, Science, and Transportation held a hearing, "Protecting Consumers from Junk Fees," which highlighted the need for legislative action to address hidden fees, including in the hotel industry.[8] Sally Greenberg, chief executive officer of the National Consumers League, wrote extensively in her testimony about hotel fees

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[1] "Settlement with Choice Hotels is AG Henry's Latest Action to Quash Hidden 'Resort Fees' and 'Drip Pricing' for Travelers," Pennsylvania Attorney General Michelle A. Henry, September 21, 2023 (*https://www.attorneygeneral.gov/taking-action/settlement-with-choice-hotels-is-ag-henrys-latest-action-to-quash-hidden-resort-fees-and-drip-pricing-for-travelers/*).

[2] Penelope Wang, "Protect Yourself From Hidden Fees," *Consumer Reports*, May 29, 2019 (*https://www.consumerreports.org/money/fees-billing/protect-yourself-from-hidden-fees-a1096754265/*).

[3] "FTC Warns Hotel Operators That Price Quotes That Exclude 'Resort Fees' and Other Mandatory Surcharges May Be Deceptive," Federal Trade Commission, November 28, 2012 (*https://www.ftc.gov/news-events/news/press-releases/2012/11/ftc-warns-hotel-operators-price-quotes-exclude-resort-fees-other-mandatory-surcharges-may-be*).

[4] "The Economics of Drip Pricing," Federal Trade Commission, May 21, 2012 (*https://www.ftc.gov/news-events/events/2012/05/economics-drip-pricing*).

[5] Mary W. Sullivan, *Economic Issues: Economic Analysis of Hotel Resort Fees, Bureau of Economics*, Federal Trade Commission, January 2017 (*https://www.ftc.gov/system/files/documents/reports/economic-analysis-hotel-resort-fees/p115503_hotel_resort_fees_economic_issues_paper.pdf*).

[6] Department of Transportation, Office of the Secretary, Rules and Regulations, "Enhancing Airline Passenger Protections," *Federal Register*, vol. 76, no. 79, 23166, April 25, 2011 (*https://www.govinfo.gov/content/pkg/FR-2011-04-25/pdf/2011-9736.pdf*). Since 2011, the Department of Transportation has required airlines to advertise the entire price to be paid by the customer for air transportation.

[7] "Settlement with Choice Hotels is AG Henry's Latest Action to Quash Hidden 'Resort Fees' and 'Drip Pricing' for Travelers," Pennsylvania Attorney General Michelle A. Henry, September 21, 2023 (*https://www.attorneygeneral.gov/taking-action/settlement-with-choice-hotels-is-ag-henrys-latest-action-to-quash-hidden-resort-fees-and-drip-pricing-for-travelers/*).

[8] "Protecting Consumers From Junk Fees," hearing before the Senate Committee on Commerce, Science, and Transportation, Subcommittee on Consumer Protection, Product Safety, and Data Security, 118th Congress, June 8, 2023 (*https://www.commerce.senate.gov/2023/6/protecting-consumers-from-junk-fees*).

as an example of an industry's use of hidden fees.[9] As a result of such hidden fees and the confusion injected into the purchasing process, consumers often end up purchasing more expensive hotel rooms, as they appear less expensive to start.[10] Additionally, competitors who choose to display their fees up front may face a competitive disadvantage if their prices appear to be more expensive at first glance. Legislation would ensure that all competitors are held to the same standard and consumers are protected from hidden fees.

SUMMARY OF PROVISIONS

S. 314 would do the following:

- Prohibit covered entities from displaying or advertising a price for temporary lodging without clearly, conspicuously, and prominently displaying the total service price.
- Require covered entities to disclose the total service price at the time a price for temporary lodging is first displayed to an individual and throughout the purchasing process. Prior to final purchase, any government tax or fee must also be disclosed.
- Grant enforcement authority to the Federal Trade Commission, State attorneys general, and other authorized officers of a State to enforce the Act.
- Protect intermediaries or third-party online sellers by allowing them to assert an affirmative defense in enforcement actions if the intermediaries established procedures to receive up-to-date price information from hotels or short-term rentals, the third parties relied in good faith on the information provided to them, and took prompt action to remove or correct any false or inaccurate information after receiving notice.
- Preempt any State or a local law, rule, regulation, requirement, standard, or other provision that prohibits a covered entity from displaying or advertising a covered service, or otherwise affects the manner in which a covered entity may display or advertise a price of a covered service, and that requires fee disclosure, unless the law requires the total services price to include each service fee (as defined in the Act) in accordance with the requirements in this Act.

LEGISLATIVE HISTORY

S. 314 was introduced on January 29, 2025, by Senator Klobuchar (for herself and Senators Moran, Cortez Masto, and Capito) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. On February 5, 2025, the Committee met in open Executive Session and, by voice vote, ordered S. 314 reported favorably without amendment.

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[9] Prepared statement of Sally Greenberg, submitted to the Senate Committee on Commerce, Science, and Transportation, Subcommittee on Consumer Protection, Data Security, and Product Safety, for hearing on "Protecting Consumers From Junk Fees," 118th Congress, June 8, 2023 (*https://www.commerce.senate.gov/services/files/586508D9-4C9D-45B7-AB6B-3B8A44151BEF*).

[10] Tom Blake et al., "Price Salience and Product Choice," *Marketing Science*, vol. 40, no. 4 (May 19, 2021), pp. 619–636, available online by subscription (*https://doi.org/10.1287/mksc.2020.1261*); Shelle Santana et al., "Consumers' Reactions to Drip Pricing," *Marketing Science*, vol. 39, no. 1 (January 15, 2020), pp. 188–210, available online by subscription (*https://doi.org/10.1287/mksc.2019.1207*); supra, note 9.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

At a Glance

Commerce Legislation

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on February 5, 2025

On February 5, 2025, the Senate Committee on Commerce, Science, and Transportation ordered reported 17 bills. This comprehensive document provides estimates for 5 of those bills.

All five bills would increase spending subject to appropriation. S. 281 and S. 314 would affect revenues; thus, pay-as-you-go procedures apply to those bills. CBO estimates that none of the bills would increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2036. S. 281 contains private-sector mandates and S. 314 contains intergovernmental and private-sector mandates. Details of the estimated costs of each are discussed in the text.

Bill	Net Increase or Decrease (-) in the Deficit Over the 2025-2035 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2025-2030 Period (Outlays, Millions of Dollars)	Mandate Effects?
S. 99	0	2	No
S. 195	0	*	No
S. 245	0	*	No
S. 281	*	4	Yes
S. 314	*	4	Yes

* = between -$500,000 and $500,000.

Summary of legislation: On February 5, 2025, the Senate Committee on Commerce, Science, and Transportation ordered reported a total of 17 bills. This document provides estimates for 5 of those bills.

S. 99, S. 195, and S. 245 would require the Department of Commerce to study supply chains, promote music tourism, and establish a working group on cyber insurance; S. 281 and S. 314 would direct the Federal Trade Commission (FTC) to enforce new prohibitions related to ticket prices for live events and hotel prices.

Estimated Federal cost: The estimated costs do not include any effects of interactions among the bills. If all five bills were combined and enacted as a single piece of legislation, the estimated costs could be different from the sum of the separate estimates, although CBO expects that any differences would be small. The costs of the legislation fall within budget function 370 (commerce and housing credit).

Basis of estimate: For these estimates, CBO assumes that the bills will be enacted near the middle of fiscal year 2025 and that the estimated amounts will be appropriated each year. CBO estimates that all five bills would affect spending subject to appropriation and that S. 281 and S. 314 would affect revenues.

S. 99, Strengthening Support for American Manufacturing Act, would require the Department of Commerce to contract with the National Academy of Public Administration to study programs operated by the department that aim to improve the resilience of critical supply chains and provide technical assistance to U.S. manufacturers. The report would identify interagency gaps and duplicative responsibilities among offices and recommend improvements.

Using information from the Department of Commerce, CBO estimates that completing the study would cost $2 million over the 2025–2030 period, including employee and contracting costs. Any related spending would be subject to the availability of appropriated funds.

S. 195, American Music Tourism Act of 2025, would require the Assistant Secretary of Commerce for Travel and Tourism to promote music tourism in the United States and periodically report to the Congress. In 2024, the Assistant Secretary received $3.5 million to carry out the requirements of the Visit America Act, a 2022 law to promote travel and tourism in the United States.

Using information about the Assistant Secretary's responsibilities under current law, CBO estimates that implementing the requirements in the bill would cost less than $500,000 over the 2025–2030 period. Any related spending would be subject to the availability of appropriated funds.

S. 245, Insure Cybersecurity Act of 2025, would require the National Telecommunications and Information Administration to establish an interagency working group on cyber insurance, composed of members from the Cybersecurity and Infrastructure Security Agency, Department of Justice, Department of the Treasury, National Institute of Standards and Technology, and the FTC. The working group would be required to report to the Congress no later than one year after it forms.

Using information about the cost of similar working groups, CBO estimates that implementing the bill would cost less than $500,000 over the 2025–2026 period. Any related spending would be subject to the availability of appropriated funds.

S. 281, TICKET Act, would require companies that issue tickets or that sell tickets on the secondary market to clearly display the total price of any ticket, including itemizing any fees not included in the base ticket price. The bill also would prohibit entities from offering or advertising tickets that they do not possess, require entities to clearly disclose if a ticket is for re-sale, and direct ticket sellers to refund buyers if an event is cancelled. Those requirements would apply to live events at venues with an attendance capacity of 200 people or more. The FTC would enforce those requirements.

Based on the cost of similar provisions, CBO estimates implementing the bill would cost the FTC $4 million over the 2025–2030 period to issue guidance and to monitor and enforce violations. Any related spending would be subject to the availability of appropriated funds. In addition, CBO estimates that enacting the bill could increase civil penalty collections, which are recorded in the budget as revenues, by an insignificant amount.

S. 314, Hotel Fees Transparency Act of 2025, would require providers of short-term lodging and websites that advertise or offer such lodging to display upfront the full lodging price and each mandatory fee required to complete a booking. The FTC would enforce those requirements.

Based on the cost of similar provisions, CBO estimates implementing the bill would cost the FTC $4 million over the 2025–2030 period to issue guidance and to monitor and enforce violations. Any related spending would be subject to the availability of appropriated funds. In addition, CBO estimates that enacting the bill could increase civil penalty collections, which are recorded in the budget as revenues, by an insignificant amount.

Pay-As-You-Go considerations: CBO estimates that enacting S. 281 and S. 314 would each increase revenues by less than $500,000 over the 2025–2035 period; therefore, pay-as-you-go procedures apply to those bills.

Increase in long-term net direct spending and deficits: CBO estimates that none of the bills would increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2036.

Mandates: Two of the bills ordered reported by the committee contain mandates, as defined in the Unfunded Mandates Reform Act (UMRA).

S. 281, TICKET Act, would impose private-sector mandates as defined in UMRA on ticket sellers and resellers by requiring certain changes, including new refund policies to the ticketing process. CBO estimates the aggregate cost to comply with the mandates would be above the threshold established in UMRA for private-sector mandates ($206 million in 2025, adjusted annually for inflation).

Under the bill, if an event is cancelled, ticket sellers and resellers would be required to provide a refund of the full ticket price, including taxes and fees, to ticket purchasers. If an event is postponed, sellers and resellers would be required to provide customers either a full refund or a replacement ticket, if available, subject to the customer's preference. Sellers also would be required to disclose this refund policy. The bill allows for exceptions to this policy in cases where the cancellation or postponement is beyond the control of the ticker issuer, such as natural disasters. Based on discussions with industry sources, a substantial share of sellers and resellers already provide full refunds for cancelled events but few offer refunds for postponed events. Considerable uncertainty surrounds the ways that federal regulations might define what is within the control of the issuer in the event of a cancellation or postponement or what might constitute comparable replacement events. Given the large size of the industry and the amount of revenue generated by ticketed events, CBO estimates that the cost of this mandate would exceed the threshold for private-sector mandates.

S. 281 also would require ticket sellers and resellers to make certain up-front disclosures to consumers. They would need to disclose the ticket prices, including taxes and fees. Those disclosures would occur at the time a ticket is first displayed to a consumer and in any advertisements or marketing. The bill also would require ticket sellers and resellers to provide an itemized list of the base price and all fees. Information from industry sources indicates that most ticket sellers have already begun to provide the total cost to consumers in advance; thus, CBO expects the additional requirements in the bill to have small costs.

The bill also would require ticket resellers to disclose to consumers that they are resellers before any purchase is complete. Sellers and resellers would be prohibited from selling or advertising any ticket that the seller does not have actually or constructively possess. In certain instances, sellers also would be prohibited from revealing to consumers and using the name of venues, teams, artists, and events in their online domain names. CBO expects that those disclosures and prohibitions would impose minimal costs on the sellers.

The bill contains no intergovernmental mandates as defined in UMRA.

S. 314, Hotel Fees Transparency Act of 2025, would impose intergovernmental and private-sector mandates as defined in UMRA. CBO estimates that the cost to comply with those mandates would not exceed thresholds established in UMRA ($103 million and $206 million in 2025, respectively, adjusted annually for inflation).

The bill would preempt state and local laws governing the display of prices for short-term lodging. Although the preemptions would limit the application of state and local laws, it would impose no duty on state or local governments that would result in significant spending or loss of revenues.

The bill would require hotels, short-term rentals, online booking websites, and any other third-party temporary accommodation sellers to disclose upfront the total price of lodging, including any government-imposed fees. Information from industry sources and the FTC indicates that several lodging providers already comply with provisions in the bill. In addition, an FTC final rule, set to go into effect in April, will require short-term lodging sellers to disclose all associated fees to customers. CBO expects the cost for other entities to comply would be small because many providers already comply and those who do not already possess the fee information required to be displayed.

Estimate prepared by: Federal costs and revenues: David Hughes; Mandates: Grace Watson and Rachel Austin.

Estimate reviewed by: Justin Humphrey, Chief, Finance, Housing, and Education Cost Estimates Unit; Kathleen FitzGerald, Chief, Public and Private Mandates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

S. 314 covers the following entities and any employees retained by them:

- Hotels and short-term rentals.
- Third-party online websites that offer hotel rooms or short-term lodgings.
- Intermediaries, including both consumer-facing and business-facing entities that offer online booking services or price comparison tools.
- The Federal Trade Commission.
- State attorneys general.

ECONOMIC IMPACT

By increasing transparency in the hotel market, S. 314 will allow consumers to more effectively comparison shop and select the best-priced hotel rooms or short-term rentals. Therefore, the bill is expected to save consumers both time and money.

PRIVACY

S. 314 is not anticipated to impact the personal privacy of individuals.

PAPERWORK

S. 314 is not anticipated to generate any additional paperwork.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title.

This section provides that this Act may be cited as the "Hotel Fees Transparency Act of 2025".

Section 2. Prohibition on unfair and deceptive advertising of hotel rooms and other short-term rental prices.

Subsection (a)(1) would prohibit a covered entity from displaying, advertising, marketing, or offering in interstate commerce, a price for covered services that does not clearly, conspicuously, and prominently display the total services price; disclose the total services price at the time it is first displayed to the individual and anytime throughout the purchasing process; and disclose any tax or fee imposed by the government prior to the final purchase.

Subsection (a)(2) would provide that a covered entity is not prohibited from displaying individual components of the total price or additional details of other items not required by this Act, provided that such displays are less prominent than the required total service price.

Subsection (a)(3) would provide that nothing in this section shall be construed to prohibit any covered entity from entering into a contract with another covered entity that contains an indemnification provision regarding price or fee information.

Subsection (b)(1) would provide that a violation of subsection (a) will be treated as a violation of a rule defining an unfair or deceptive act or practice under the Federal Trade Commission Act.[11]

Subsection (b)(2) would provide for State enforcement of subsection (a) through State attorneys general. Attorneys general who wish to bring a case must inform the Commission prior to bringing civil action. If they are unable to notify the Commission prior to the action, they must notify immediately upon bringing the civil action. The Commission may intervene in any civil action brought by

[11] 15 U.S.C. 57a(a)(1)(B).

the attorney general of a State and file petitions for appeal. Nothing in this section may be construed to prevent State attorneys general from exercising other powers conferred upon them by the laws of a State to conduct investigations, administer oaths or affirmations, or compel the attendance of witnesses or the production of evidence. Where a civil action has been instituted by or on behalf of the Commission, no attorney general may institute an action against any defendant in the complaint. Any action brought under subparagraph (a) may be brought in a United States district court or another competent court of jurisdiction. Actions brought under subparagraph (a) may be served in any district where the defendant is an inhabitant, is found, or transacts business; or the venue is proper under section 1391 of title 28, United States Code. Authorized State officers other than attorney generals may bring a civil action under subparagraph (a), subject to the same requirements under this paragraph. Nothing in this paragraph may be construed to prohibit an authorized State official from initiating or continuing State court proceedings for violations of a State's civil or criminal law.

Subsection (b)(3) would provide that in any action initiated under this Act, an intermediary or third-party online seller may assert an affirmative defense if they have (A) established procedures to receive up-to-date price information, (B) relied on good faith that the information supplied to them was accurate, and (C) took prompt action to correct any false or inaccurate information after receiving notice.

Subsection (c) would prohibit States (and their political subdivisions) from enforcing any provision having the force and effect of law that prohibits a covered entity from advertising or displaying or affects the manner in which a covered entity advertises or displays a price, and that requires fee disclosure, unless the law requires the total services price to include each service fee (as defined by this Act), and in accordance with subsection (a)(1). This section may not be construed to preempt any State law relating to contracts or torts, or any State law relating to fraud.

Subsection (d) would define key terms in this Act. The term "base service price" means the price to obtain the covered service of the hotel or short-term rental, not including service fees or taxes. The term "Commission" means the Federal Trade Commission. The term "covered entity" means a person or partnership that the Commission has jurisdiction over, including hotels, third-party online sellers, or an intermediary. The term "covered services" means the temporary provision of a room, building, or other lodging. Such term does not include the provision of a meeting room, banquet services, or catering services. The term "hotel" means an establishment that provides a covered service and promotes such service. The term "intermediary" means an entity that operates as either business-facing, consumer-facing, or both and displays a price for covered entities or a price comparison service for covered services. The term "optional product or service" means a product or service that an individual does not need to purchase for use of covered services. The term "service fee" means a charge from a covered entity necessary for covered services and does not include any government taxes or fees or any optional fees. The term "short-term rental" means a property that provides covered services to the general public for a fee, for a period shorter than 30 consecutive days, and promotes the service. The term “State” means each of the 50 States, the District of Columbia, and any territory of the United States. The term “third-party online seller” means any person other than a hotel or short-term rental that sells covered services with respect to a hotel in a transaction on the internet. The term “total services price” means the total cost of covered services, including the base service price and any service fees, and does not include any government taxes or tees or optional fees.

Subsection (e) would set the effective date of this Act as 450 days following enactment.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

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