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Trade Regulation Rule on Unfair or Deceptive Fees

Comment On: FTC-2023-0064-0001
Trade Regulation Rule on Unfair or Deceptive Fees

Document: FTC-2023-0064-3033
Comment from PHX Fest, LLC

Submitter Information

Email: dave@phxfest.com
Organization: PHX Fest, LLC

General Comment

Please see attached letter sent to The Honorable Ruben Gallego.

Attachments

AZ_Junk Fee Letter_GALLEGO

January 16, 2024

The Honorable Ruben Gallego
District Office
1601 N 7th Street
Suite 310
Phoenix, AZ 85006

Sent via mail and electronic mail

Dear Congressman Gallego,

On November 9, 2023, the Federal Trade Commission (FTC) launched an effort to solicit [public comment](#) on “junk fees.” The stated goal of this request is to “prohibit unfair or deceptive practices relating to fees for goods or services, specifically, misrepresenting the total costs of goods and services by omitting mandatory fees from advertised prices and misrepresenting the nature and purpose of fees.”

Some junk fees are harmful and deserve the FTC’s attention. However, instead of introducing rulemakings for anything that could fit the description of a junk fee, we urge regulators to thoroughly examine and identify which fees are adequately harming consumers to legitimize the costs and consequences that comes with new regulation.

This current [proposal](#) will not produce the outcome that the FTC has intended. Many businesses count on these fees for economic imperatives often unknown to the consumer. For example, locally owned restaurants use these so-called “hidden fees” to help subsidize the rise in food prices, support staff salaries and benefits and support any labor costs that arise when running a small business. On a larger scale, limits on bank fees will hurt consumers financially. Credit card companies impose these fees to deter enrollees from paying their credit card bills late. Without these fees, credit card companies would have to scale back on free checking, impose new fees, and eliminate services they no longer can afford. Independently owned hotels that add critically needed revenue to our communities, by contrast, often display fees outlining the various services that go into the consumer experience. Many of these fees can be opted out of, ultimately saving consumers money, and the hotel additional labor.

Additionally, FTC has only painted half the picture to the public of what could happen if these fees disappear. Several questions need to be asked, for example, what is the extent to which these back-end fees would shift to upfront prices? Since many junk fees are back-end charges, one may assume that industries will roll many of those costs to the upfront price, ultimately increasing the price of that good or service. Consumers deserve to know what they are paying for, and as such, any proposal should ensure that price transparency is not abolished simply for increased price simplicity.

Many of our Arizona locally owned event venues are already implementing price transparency measures. We urge our Congressional members to look closely at the proposal, to ensure that Arizona small businesses are not paying the price to combat the larger, bad-actors in the industry.

Further examination into the cost-savings per-industry should also be implemented into the proposal. [The Peterson Institute for International Economics](#) (PIIE) did a rough estimate around junk fees and if they were to disappear. Most establishments might absorb half the fees under scrutiny and fold the other half into upfront prices. If so, the annual savings to consumers would amount to \$13.5 billion, or perhaps \$135 billion over a decade. That would total around \$100 average annually for each of the 131 million American households, which is a substantially lower number than President Biden's claim of "[hundreds of dollars a month](#)."

With the information given above, we urge you to consider opposing this FTC proposal as it currently stands. Arizona counts on the many small businesses and event venues within our state and this proposal would only hinder their success and put them back after just surviving the pandemic. We urge you to push the FTC for careful analysis around the total savings this regulation would have for all the different sectors it affects.

We commend you for your continued commitment to support our state's economic success and thank you for the leadership you have provided to the many businesses across the state.

Sincerely,

Stephen "Psyko Steve" Chilton
Owner, The Rebel Lounge



Thomas Turner
Founder, RelentlessBeats LLC



Tom LePenna
Lucky Man Concerts, LLC



Ryan Auhl
Partner, RelentlessBeats LLC



David Tyda,
Owner, PHX Fest

