

## **Notice of Adoption**

Notice of Adoption to add rules that prohibit charging consumers hidden “junk fees” for hotel stays.

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN the Commissioner of the Department of Consumer and Worker Protection by sections 1043 and 2203(d) of the New York City Charter, and sections 20-701 and 20-702 of the New York City Administrative Code, and in accordance with the requirements of section 1043 of the New York City Charter, that the Department amends Title 6 of the Rules of the City of New York.

This rule was proposed and published on August 22, 2025. A public hearing was held on September 22, 2025. The Department received comments from industry representatives and consumer advocates.

### **Statement of Basis and Purpose of Rule**

The Department of Consumer and Worker Protection (“DCWP” or “Department”) is adding rules that prohibit charging consumers hidden “junk fees” for hotel stays. According to Consumer Reports<sup>1</sup> and the Federal Trade Commission (“FTC”),<sup>2</sup> “junk fees,” commonly labeled as “destination fees,” “resort fees,” or “hospitality service fees,” have become more prevalent in the hospitality industry over the past several years. In a practice known as “drip pricing,” hotels often exclude these mandatory fees from their advertised prices, concealing the true cost of their services.

On January 10, 2025, the FTC published a final rule<sup>3</sup> regulating these junk fees. The rule requires specific businesses, including hotels, to conspicuously disclose the true total price of their goods and services, inclusive of all mandatory fees, whenever they offer, display or advertise any price of such goods or services. The rule further prohibits misleading consumers about such fees, and sets forth disclosures that the specified businesses must provide before a consumer consents to pay.

At the state level, several jurisdictions have also passed laws or issued regulations to address junk fees of this type, including California,<sup>4</sup> Massachusetts,<sup>5</sup> and Minnesota.<sup>6</sup> New York State<sup>7</sup> has similarly introduced legislation targeting this issue. Like the FTC rule, these laws and regulations are designed to ensure that consumers understand the actual total price that they will be required to pay for a good or service. This is especially important when a consumer is traveling and has limited options for lodging.

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<sup>1</sup> See, <https://advocacy.consumerreports.org/wp-content/uploads/2023/02/CR-Comment-for-FTC-re-Junk-Fees-02-23.pdf>, last accessed 12/19/25.

<sup>2</sup> See, <https://www.cnbc.com/2023/08/21/what-is-a-destination-fee-and-why-are-more-hotels-charging-them.html>, last accessed 12/19/25.

<sup>3</sup> See, <https://www.federalregister.gov/documents/2025/01/10/2024-30293/trade-regulation-rule-on-unfair-or-deceptive-fees>, last accessed 12/19/25.

<sup>4</sup> See, [https://calmatters.digitaldemocracy.org/bills/ca\\_202320240ab537](https://calmatters.digitaldemocracy.org/bills/ca_202320240ab537), last accessed 12/19/25.

<sup>5</sup> See, <https://www.mass.gov/news/ag-campbell-releases-junk-fee-regulations-to-help-consumers-avoid-unnecessary-costs>, last accessed 12/19/25.

<sup>6</sup> See, <https://www.house.leg.state.mn.us/bills/Info/HF3438/93/0/0>, last accessed 12/19/25.

<sup>7</sup> See, <https://www.nysenate.gov/legislation/bills/2025/S363/amendment/A>, last accessed 12/19/25.

In New York City, the Department has received many complaints from consumers involving hidden, undisclosed or unexpected fees associated with hotel stays. The Department's rule, modeled on the FTC rule, makes it a deceptive trade practice under the City's Consumer Protection Law ("CPL") to offer, display or advertise a price for a stay in a hotel without clearly and conspicuously disclosing the total price of that stay, including all mandatory fees. Additionally, the rule prohibits misleading consumers about the nature of any fees for a hotel stay in any such offer, display or advertisement.

Finally, the proposed rule required that anyone advertising, offering or displaying the price of a stay in a hotel clearly disclose any additional fees excluded from the total price, the final amount of payment, and the amount and terms of any deposit or hold associated with the hotel stay and expected duration of that deposit or hold, before a consumer consents to pay. These provisions were meant to ensure a complete and clear breakdown of all additional costs, beyond the advertised "total price," that are associated with a specific hotel stay. The proposed rule specified that such disclosure requirements apply from the point at which a consumer can reserve the hotel stay through when the consumer checks out of the hotel.

To protect New York City consumers while also regulating hotels within the City, this rule applies to:

- a) any person, meaning a natural person or organization, who offers, displays or advertises the price of a stay in a hotel in New York City, and
- b) any person who offers, displays or advertises the price of a stay in a hotel to a New York City consumer.

Such application of the rule is in line with other jurisdictions, like California and Massachusetts, which mandate that their total price disclosure requirements apply to anyone advertising to consumers and otherwise doing business within their respective jurisdictions, as well as the Department's own practice of enforcing the CPL against entities advertising to consumers in New York City.

A public hearing was held on September 22, 2025 and the Department received comments from industry representatives and consumer advocates.

Specifically, a consumer advocacy group expressed support for the rule, emphasizing the importance of enforcing these protections at the local level. Through their own recent investigation, this group observed specific instances where hotels in New York City continue to hide extra fees, despite the existence of the current FTC junk fees rule.

By contrast, representatives from the hotel industry and third-party booking entities argued that a rule at the local level was not necessary, suggesting that the FTC rule offers sufficient protection and may be enforced by the New York Attorney General. The Department notes that the FTC junk fees rule does not explicitly authorize direct enforcement by state and local entities, but instead contemplates concurrent enforcement of related consumer protection laws and regulations, providing that local jurisdictions may implement rules that are more protective as long as such rules are not in conflict with the FTC rule.<sup>8</sup> In fact, in its analysis of its final rule, the FTC emphasized that "additional State authority and resources will only serve to further protect consumers and competition," noting that the FTC "will continue to work with its State law

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<sup>8</sup> "For purposes of this section, a State statute, regulation, order, or interpretation is not inconsistent with the provisions of this part if the protection such statute, regulation, order, or interpretation affords any consumer is greater than the protection provided under this part." 16 CCFR § 464.4(b).

enforcement partners in battling unfair and deceptive pricing disclosure practices.”<sup>9</sup> To that end, the Department’s rule accomplishes this goal by incorporating both the robust protections against unfair or deceptive fees set forth by the FTC, as well as additional disclosure requirements addressing specific complaints lodged by consumers in New York City. Moreover, as the consumer advocates flagged in their comment, New York City consumers continue to encounter hidden hotel junk fees, even with the prohibitions at the federal level.

The industry representatives also expressed concern over the rule’s requirement that the terms of any deposit or hold associated with the hotel stay be disclosed. They noted that third-party booking sites and hotels may not have control as to when a credit or debit card hold is lifted or a deposit is released because that can vary depending on the financial institution associated with the card. Additionally, third-party booking entities asserted that it would be too burdensome to obtain information about hold policies for all hotels using their service because these policies can vary for individual consumer reservations, depending on factors such as the number of guests.<sup>10</sup>

The Department included this disclosure requirement in response to repeated consumer complaints about this issue in New York City.<sup>11</sup> Some consumers expressed that they were unaware that they would be forced to spend additional money, which put them in a difficult situation upon check-in. Furthermore, many consumers reported confusion about the amount of the hold or deposit, when the hold or deposit would be released, as well as factors that resulted in the hotel withholding part or all of the deposit.<sup>12</sup> For consumers traveling on a tight budget, high hold or deposit amounts, and misinformation about a hotel’s hold policy, can have a real impact. Moreover, for consumers booking through third-party websites, the hold or deposit amount may come as a surprise at the point they are checking into the hotel, where the website failed to mention this additional cost at the point of reservation.<sup>13</sup>

To clarify, the Department’s proposed rule required only that the person advertising the hotel disclose that hotel’s *general* deposit and hold policy at the point a consumer reserves a stay. The adopted rule better reflects this point by clarifying that a hotel is only required to provide the hotel’s general policy for holds and deposits. The final rule now explicitly references disclosure of the hotel’s “general policy” for a hold or deposits, and requires only that the person advertising the

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<sup>9</sup> Final Federal Trade Commission Rule: Trade Regulation Rule on Unfair or Deceptive Fees, 90 FR 2066 (January 10, 2025) (codified at 16 CFR Part 464); see also Final Trade Regulation Rule: Trade Regulation Rule; Funeral Industry Practices, 47 FR 42260 (Sept. 24, 1982) (codified at 16 CFR part 453) (noting the purpose of the rule’s provision addressing relation of the rule to State law is “to encourage federal-state cooperation by permitting appropriate state agencies to enforce their own state laws that are equal to or more stringent than the trade regulation rule”).

<sup>10</sup> DCWP notes that third-party booking entities receive from hotels accurate pricing information that also varies based on these same factors. The commenters fail to explain how pricing information for every hotel is obtainable but information about hold policies for those same hotels would not be.

<sup>11</sup> DCWP has received over 100 consumer complaints about issues with hotel holds or deposits over the past three years. Complaints include references to unexpected or high holds or deposits, difficulty getting the deposit or hold released, misunderstandings about the terms of a hold or deposit, undisclosed or misleading cancellation policies, and frustration with additional costs for the deposit that exceed their budget for travel.

<sup>12</sup> “Incidental Hold,” Trip Advisor, available at [https://www.tripadvisor.com>ShowTopic-g60763-i5-k14056868-o10-Incidental\\_hold-New\\_York\\_City\\_New\\_York.html](https://www.tripadvisor.com>ShowTopic-g60763-i5-k14056868-o10-Incidental_hold-New_York_City_New_York.html), last accessed 12/19/25.

<sup>13</sup> Juliana Shallcross, Frommers, “5 Tips to Remember When You Pay for a Hotel Room,” available at <https://www.frommers.com/tips/hotel-news/5-tips-to-remember-when-you-pay-for-a-hotel-room/>, last accessed 12/19/25.

hotel stay provide the *standard* amount for such hold or deposit. Such disclosure requirement could be satisfied by a link to language on the hotel's website regarding such policy applicable to all reservations.

With respect to the timeframe for release or refund of the hold or deposit, the Department maintains that this is important information for New York City consumers, as many have expressed confusion around this issue. However, the Department acknowledges industry commenters' concern that it may be difficult to determine when a credit or debit card company will release a hold or refund a deposit. Therefore, the Department has modified the final rule to require disclosure of the *approximate* time that the hold will be released or the deposit will be refunded. A hotel or third-party booking site can comply with this requirement by providing general information, applicable to all consumers, about the typical timeline for release or refund of a hold or deposit, based on factors like the policy of the hotel or additional time for processing by the credit or debit card company.<sup>14</sup>

To further address commenters' concern around implementing the deposit and hold requirements of the rule, the Department has extended the effective date for this particular provision to one year beyond the date of publication in the City Record. This extension should give stakeholders sufficient time to obtain necessary information and make operational changes to ensure compliance amongst relevant parties.

Sections 1043 and 2203(d) of the New York City Charter and sections 20-701 and 20-702 of the New York City Administrative Code authorize DCWP to make these rules.

New material is underlined.

[Deleted material is in brackets.]

“Shall” and “must” denote mandatory requirements and may be used interchangeably in the rules of this department, unless otherwise specified or unless the context clearly indicates otherwise.

Section 1. Subchapter A of chapter 5 of Title 6 of the Rules of the City of New York is amended by adding a new section 5-15, to read as follows:

### **§ 5-15 Hotel Fee Disclosures.**

#### **(a) Definitions.**

**Hotel.** “Hotel” means a building or part of a building which is legally authorized to have guests occupy guest rooms.

**Person.** “Person” has the same meaning as set forth in section 20-102 of the Administrative Code.

**Total price.** “Total price” means the maximum total of all charges and fees that a consumer must pay, inclusive of any mandatory fees and charges, except taxes and fees imposed by a government, which may be excluded.

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<sup>14</sup> See, e.g., “Terms and Conditions,” Extended Stay America, available at <https://www.extendedstayamerica.com/terms-conditions>, last accessed 12/19/25.

**(b) Applicability.**

This section applies to any person who offers, displays or advertises the price of a stay in a hotel in New York City, and any person who offers, displays or advertises the price of a stay in a hotel to a New York City consumer.

(c) It is a deceptive trade practice for any person to offer, display or advertise the price of a stay in a hotel without disclosing the total price in a clear and conspicuous manner. Any such offer, display, or advertisement must disclose the total price more prominently than any other pricing information, and must not misrepresent the nature, purpose, amount or refundability of any fees or charges, or the identity of the good or service for which the charge or fee is imposed.

(d) Any person who offers, displays or advertises the price of a stay in a hotel must disclose the following items clearly and conspicuously, before a consumer consents to pay. This requirement applies from the point at which a consumer can reserve the hotel stay, regardless of whether they put down a deposit to secure a reservation in such hotel, through the point at which the consumer checks out of the hotel:

(1) The nature, purpose, and amount of any fee or charge imposed on the transaction that has been excluded from the advertised total price, and the identity of the good or service for which the fee or charge is or will be imposed;

(2) The final amount the consumer must pay for the transaction, which must be disclosed more prominently than, or as prominently as, the total price; and

(3) A disclosure regarding the general policy for deposits taken or holds placed on a credit or debit card in connection with the stay at such hotel, the standard amount of such deposits or holds, any reasons the hotel may keep part or all of a deposit or hold, and the approximate time by which such holds or deposits are generally released or refunded.

Section 2. The table in section 6-47 of subchapter B of chapter 6 of Title 6 of the Rules of the City of New York is amended by adding the following row in the appropriate numerical order:

Citation	Violation Description	First Violation	First Default	Second Violation	Second Default	Third and Subsequent Violation	Third and Subsequent Default
6 RCNY § 5-15	Improper hotel fee disclosure	\$525	\$525	\$1,050	\$1,050	\$3,500	\$3,500

Section 3. Subdivisions (a), (b), (c) and paragraphs (1) and (2) of subdivision (d) of section 5-15 shall become effective thirty days from the date of publication in the City Record. Paragraph (3) of subdivision (d) of section 5-15 of this rule shall become effective one year from the date of publication in the City Record.