

**Testimony of Assistant Commissioner Carlos A. Ortiz
New York City Department of Consumer and Worker Protection**

**Before the Committee on
Consumer and Worker Protection**

Hearing on Introduction 8

February 24, 2023

Introduction

Good morning, Chair Velázquez and members of the Committee on Consumer and Worker Protection. My name is Carlos Ortiz, and I am the Assistant Commissioner for External Affairs at the Department of Consumer and Worker Protection (DCWP). Thank you for the opportunity to testify today on Introduction 8, relating to the disclosure of service fee charges for tickets to entertainment events in New York City.

DCWP and Pricing Disclosures

When it comes to price transparency, DCWP is committed to leading efforts to protect New Yorkers. One of the main ways that DCWP does that is by enforcing the Consumer Protection Law, which prohibits illegal trade practices like deceptive advertising that prey on consumers. DCWP also enforces protections governing disclosures of refund policies, layaway plans, and the sale of secondhand items.

Businesses may at times hide costs to consumers by tacking on a variety of fees, such as service or processing fees, to an initial product price. The consumer may only find out the true cost of an item at the end of a transaction. This “drip pricing” approach is frustrating for consumers and can make it harder for them to budget for their purchases.

Over the years, DCWP has supported regulatory initiatives to promote price transparency and reduce junk fees on the state and federal levels. In 2022, New York State passed a law that requires operators, ticket platforms, and ticket resellers to disclose the total cost of a ticket prior to the ticket being selected for purchase.¹ The Consumer Financial Protection Bureau (CFPB) also launched a federal initiative to reduce or eliminate junk fees, such as overdraft or non-sufficient fund fees, which cost Americans billions of dollars annually.² Likewise, other federal agencies such as the Federal Trade Commission and the Department of Transportation have recently pursued rule changes to crack down on junk fees and increase price disclosures.³ DCWP has submitted comments in support of these and other similar efforts to ensure price transparency at the local level.

¹ <https://legislation.nysenate.gov/pdf/bills/2021/S9461>

² <https://www.cnbc.com/2022/10/26/consumer-watchdogs-new-guidance-aims-to-end-junk-fees-at-banks.html>

³ FTC: <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-proposes-rule-ban-junk-fees-bait-switch-tactics-plaguing-car-buyers>; DOT: <https://www.transportation.gov/airconsumer/AirlineAncillaryFeeNPRM>.

Introduction 8

Turning to today's legislation, Introduction 8 would require event operator to disclose service fees, along with the price of a ticket, on advertising and promotional materials. DCWP supports this bill and believes it will lead to greater price transparency in the entertainment sector.

DCWP recommends expanding the scope of this bill to also require the disclosure of the full price of tickets at the time of sale. This change would ensure that consumers are aware of what they are going to pay for an entertainment event from its promotion to the moment of purchase. We look forward to working together with the Council on this bill as it progresses through the legislative process.

Conclusion

Thank you again for the opportunity to testify today about the disclosure of service fee charges for entertainment tickets, a problem that New Yorkers know all too well. I look forward to any questions you may have.