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Washington, DC 20548

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March 25, 2025

The Honorable Ted Cruz
Chairman
The Honorable Maria Cantwell
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Brett Guthrie
Chairman
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

Subject: *Federal Trade Commission: Trade Regulation Rule on Unfair or Deceptive Fees*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Federal Trade Commission (FTC) titled "Trade Regulation Rule on Unfair or Deceptive Fees" (RIN: 3084-AB77). We received the rule on March 18, 2025. It was published in the *Federal Register* on January 10, 2025. 90 Fed. Reg. 2066. The effective date of the rule is May 12, 2025.

According to FTC, it is issuing this rule to address certain unfair or deceptive practices involving fees or charges for live-event tickets and short-term lodging: bait-and-switch pricing that hide the total price by omitting mandatory fees and charges from advertised prices; and misrepresenting the nature, purpose, amount, and refundability of fees or charges. FTC stated that the rule specifies that it is an unfair and deceptive practice for businesses to offer, display, or advertise any price of live-event tickets or short-term lodging without clearly, conspicuously and prominently disclosing the total price. FTC also stated that the rule requires businesses to clearly and conspicuously make certain disclosures before a consumer consents to pay. FTC stated further that the rule specifies that it is an unfair and deceptive practice for businesses to misrepresent any fee or charge in any offer, display, or advertisement for live-event tickets or short-term lodging.

Enclosed is our assessment of FTC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Joel Christie
Attorney
Federal Trade Commission

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
FEDERAL TRADE COMMISSION
TITLED
“TRADE REGULATION RULE ON UNFAIR OR DECEPTIVE FEES”
(RIN: 3084-AB77)

(i) Cost-benefit analysis

The Federal Trade Commission (FTC) provided an analysis of the cost and benefits for this rule. 90 Fed. Reg. 2066, 2125–2160 (Jan. 10, 2025). According to FTC, consumers will benefit from the rule in several ways. 90 Fed. Reg. at 2132. FTC stated that the rule will help reduce search costs and deadweight loss. *Id.* FTC also stated that it anticipates unquantified benefits for consumers, such as reduced frustration and stress caused by surprise fees that distort the purchasing process. *Id.* FTC stated further that entities that are not already in compliance with the rule may incur costs to re-optimize the price of goods and services and that these firms may also incur costs to adjust how they display pricing information to disclose total price whenever the price of a good or service is displayed. 90 Fed. Reg. at 2133.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

According to FTC, this rule’s impact will not be substantial for most small entities and, in many cases, will likely positively impact small businesses by enabling them to compete fairly in the marketplace with larger players. 90 Fed. Reg. at 2162. However, FTC stated it cannot fully quantify the impact the rule will have on such entities. *Id.* FTC stated further, in the interest of thoroughness and an abundance of caution, that it prepared a final regulatory impact analysis. *Id.*

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

As an independent regulatory agency, FTC is not subject to the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On November 8, 2022, FTC issued an advance notice of proposed rulemaking. 87 Fed. Reg. 67413. And on November 9, 2023, FTC issued a notice of proposed rulemaking. 88 Fed. Reg. 77420. FTC stated that it received comments from various interested parties. 90 Fed. Reg. at 2068–2166. FTC responded to comments in the rule. *Id.*

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

FTC determined that this rule contains information collection requirements under the Act. 90 Fed. Reg. at 2160.

Statutory authorization for the rule

FTC promulgated this rule pursuant to section 57a of title 15, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

As an independent regulatory agency, FTC is not subject to the Order.

Executive Order No. 13132 (Federalism)

As an independent regulatory agency, FTC is not subject to the Order.