



**U.S. SENATE COMMITTEE ON
COMMERCE, SCIENCE & TRANSPORTATION**
Senator Maria Cantwell, Chair

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**Senate Committee on Commerce, Science, and Transportation
Subcommittee on Consumer Protection, Product Safety and Data Security
Hearing: Protecting Consumers from Junk Fees**

Witnesses:

Sally Greenberg, Chief Executive Officer, National Consumers League
Vicki G. Morwitz, Bruce Greenwald Professor of Business, Marketing Division, Columbia
Business School

Todd J. Zywicki, George Mason University Foundation Professor of Law, Antonin Scalia
School of Law, George Mason University

June 8, 2023

Opening Statement and Questions
[VIDEO](#)

“Thank you, Chair Hickenlooper and Ranking Member Blackburn, for convening this important hearing.

“Like many of you, I am frustrated by what is happening in the marketplace. In my home state of Washington, exorbitant hidden fees recently made news when the price of a home ticket to watch the Seattle Kraken play the Dallas Stars in Game 3 of the NHL playoffs cost more than it would to fly to Dallas.

“At the time, KIRO 7 reported that the cheapest re-sale ticket available was \$294. Or, at least, that’s the price the ticket platform would have you think.

“After a \$61 ticket processing fee and a \$3 order processing fee, the real price of the ticket, before tax, was \$358 — an extra 22% on top of the advertised price.

“We’ve all encountered these “junk fees” in one form or another. These are mandatory fees that are not included in the advertising price, providing no recognizable value to the consumers. And we’re hearing obviously from our witnesses about this today.

“The bottom line is we can’t make comparison shopping harder. We can’t reduce competition. And we don’t want to see things that distort the market.

“This is why Senator Cruz and I introduced the TICKET Act, which has been addressed here by some of our witnesses.

“The *price they say*, really should be the *price you pay*.”

Q and A

Sen. Cantwell: Professor Zywicki, I didn't hear all of your testimony, do you agree that the principle of all mandatory fees for goods and services should be disclosed in an upfront price?

Todd Zywicki: As I said, first, I succeeded Senator Cruz as the Director of Office Planning at the Federal Trade Commission, so it's likely we agree on a lot. This is one on which I think we agree, which, as I said, I can't see any reason why that wouldn't be disclosed upfront, so in general, I think that's the right approach and would generally agree with that.

Senator Cantwell: So why, Ms. Greenberg... do you think this is so important, not just with ticket sellers, but the true price overall, including mandatory fees? Why do you think this is so important? What complexity does that bring to the market when you have this level of distortion?

Sally Greenberg: First off, consumers can't comparison shop because they don't know what the end all and all-in price is going to be. So it distorts the market from that perspective.

But, as Professor Morwitz described, it's a rabbit hole for consumers. They go and they click on various price options and they end up spending more money than they would if they were an all-in price.

There is some psychology involved, I think, in the businesses that impose these prices.

But consumers are angry about it and they feel like they get trapped into paying for goods and services with these add-on fees that they had not expected. But they end up doing it because it's easier for them to just pay it rather than balk or look around for competition.

Sen. Cantwell: Thank you. Professor Zywicki, Ms. Greenberg mentioned the Supreme Court case that struck down part of the FTC's authority. We had FTC members here, both Democrat and Republican nominees, they all said we needed to replace that. Do you think we need to replace that to give consumers a fair deal?

Todd Zywicki: I would have to -- I'm not prepared to give that opinion on that.

Sen. Cantwell: We can give you a question for the record and you can give us an answer.

Todd Zywicki: Sure, I will think about that.

Sen. Thank you so much.