

FEBRUARY 2024

# Illinois Leads: Eliminating Junk Fees for Fair Prices

Transparent prices empower our consumers in a modern market.

## Introduction

Illinois, like the rest of the nation, grapples with the pervasive issue of "junk fees," stealthily embedded charges that inflate costs across various industries critical to everyday life. These fees remain undisclosed until after a consumer commits to a purchase, undermining market transparency and burdening families with unnecessary expenses.

## The Economic Burden

Consumers nationwide, including in Illinois, bear the brunt of "junk fees," adding billions annually to their expenses. These fees are often concealed, distorting true prices and hindering fair market competition.

The average American family faces an annual cost of over \$3,000 due to junk fees, stripping local economies of hard-earned dollars that go to corporate coffers rather than main streets across Illinois. This impacts their ability to participate in the market and make the best decision for their household when it comes to purchasing cars, signing rental agreements, and covering monthly expenses like phone bills and utilities.

Eliminating junk fees aims to mandate the upfront disclosure of all fees, fostering transparency and protecting hardworking families.

**“The average American family faces an annual cost of over \$3,000 due to Junk Fees.”**

## Market Distortion

Ensuring clear, upfront pricing allows consumers to make informed decisions without hidden surprises.

Hidden fees hinder consumers' ability to make informed choices, creating inflated prices and reduced incentives for companies to compete on quality or cost. Studies reveal that consumers faced with undisclosed fees pay up to 20% more than the actual price. With inflation on the rise, eliminating junk fees would provide relief to Illinoisans by preventing hidden costs that exacerbate the financial strain many households face, allowing families to regain control of their budget.

Small, transparent businesses are unfairly disadvantaged because their pricing appears more expensive. Junk fees create confusion, discouraging competition and leading to greater corporate concentration. Families are stretched too thin to dig into the junk fees hidden in decisions they make every day.

**“Small, transparent businesses are unfairly disadvantaged.”**

### **Equity In Pricing**

Junk fees disproportionately affect non-English proficient individuals, lower-income workers, and people of color. Hardworking families shouldn't have to wade through every purchase to understand the true cost to their pocketbook.

Polls consistently show bipartisan support for banning junk fees, with approval ratings exceeding 80%. By addressing the pressing issue of junk fees, we ensure transparent pricing that benefits consumers, supports fair competition,

and finally gives individuals clarity when it comes to paying for necessities.

With similar initiatives gaining traction nationwide, Illinois can lead the nation and foster a marketplace built on honesty, fairness, and consumer equity.

**“Illinois can lead the nation and foster a marketplace built on honesty, fairness, and consumer equity.”**

*The Economic Security Project advocates for ideas that build economic power for all Americans. We legitimize bold ideas by supporting cutting edge research and elevating champions, win concrete policy victories for the communities that need to see change now, and provoke the conventional wisdom to shift what's considered possible. Our team of academics, organizers, practitioners and culture makers disburse grants, run issue campaigns, develop creative interventions and research products, and convene to encourage investment and action from others.*