

**Alert | Restaurant Industry /
California Government Law & Policy**



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SB 1524 Would Permit California Restaurants to Continue to Use Separate Mandatory Fees/Charges

CA senator introduces urgency measure to clarify state law on disclosure of hidden fees and other service charges.

On May 8, 2024, the California Department of Justice released an FAQ that included the state DOJ's application of the law to certain restaurant business practices. In the FAQ, the DOJ opined that mandatory/automatic fees or gratuities would need to be listed in the purchase price. See [GT Alert](#) for details.

On June 6, in response to concerns and confusion about the applicability of SB 478 and the FAQ to restaurant charges, California Sen. Bill Dodd introduced an urgency measure, [Senate Bill 1524](#) (SB 1524), which provides that any mandatory gratuity, service charge, or other fee restaurants charge must be displayed conspicuously on restaurant menus. If SB 1524 passes, it would permit restaurants to continue to use mandatory/automatic charges or other fees without having to include such fees or charges in the purchase price of such items. Such charges or fees would need to be conspicuously disclosed to consumers prior to purchase.

SB 1524's text provides:

This bill would specify that “advertising, displaying, or offering a price for a good or service,” as described above, **does not include advertising or displaying the price of individual food or beverage items sold by a restaurant, bar, or other food service provider, or pursuant to a contract for banquet or catering services, provided that any service charge, mandatory gratuity, or other mandatory fee or charge is clearly and conspicuously displayed on the advertisement, menu, or other display.** The bill would further specify that these changes are intended to clarify, and do not constitute a change in, existing law. (emphasis added)

SB 1524 may pass as soon as July 2024.

The California Restaurant Association supports SB 1524.

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