

# DELMORE ♦ GREENE

## Hospitality Law Update – June 2024

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### CALIFORNIA SENATE BILL 478 (AS AMENDED BY SB 1524)

#### DON'T CHANGE YOUR MENU YET!

We reported to you last month that effective July 1, California Senate Bill 478 (SB 478) will ban surcharges and service fees not included in the advertised price of goods or services. This ban included service fees designed to help pay employee wages and benefits, as well as large party fees intended as gratuities.

Since then, state lawmakers introduced a new bill (SB 1524) that further amends California's Consumer Legal Remedies Act to except from SB 478 mandatory fees or charges added to individual food and beverage items sold by restaurants, bars, concessionaires, grocery stores, or by means of a contract or menu for banquet or catering services. In order to fit the exception, the service fee must be clearly and conspicuously disclosed to patrons.

The bill is on Governor Newsome's desk for signature. We expect it will be signed today and take effect Monday. If your business chooses to charge a mandatory service fee for any purpose, please see that it is advertised on your menus, and any other location where your business advertises food and beverages for sale. Placement of the notification should be in a conspicuous place, and in a clear and readable font, with emphasis on the font in ALL CAPS, **bold**, *italics*, or underlining preferred.

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