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FTC Rule Targeting ‘Junk Fees’ Could Have Unintended Consequences for Community Events

The Federal Trade Commission’s (FTC) new rule targeting “junk fees” in live-event ticketing and short-term lodging officially took effect on May 12, 2025. Critics are raising concerns about its vague language—particularly the undefined term “live events”—and how, as drafted, this may impact schools, community theaters, and other nonprofit organizations that sell tickets to performances, sporting events, fundraisers, or any type of event the public is invited to join upon purchase of admission.

What the “Junk Fees” Rule Provides

The FTC’s [Rule on Unfair or Deceptive Fees](#) prohibits businesses from advertising prices for live-event tickets or short-term lodging that do not clearly and conspicuously disclose the total price—including all mandatory fees—upfront. This is meant to eliminate “drip pricing,” where consumers are lured in by a low advertised price only to be hit with additional charges at checkout. The rule applies to both primary and secondary ticket sellers and aims to curb bait-and-switch tactics that have plagued the live entertainment and hospitality industries. Based on discussions and public comments leading up to the rule’s finalization, larger entities are clearly intended to be the target of this rule. But whether the rule will be so narrowly enforced remains to be seen.

What Counts as a “Live Event”?

The rule specifically targets “live-event ticketing,” but it does not provide a precise legal definition of what constitutes a “live event.” This ambiguity has sparked concern among educators, arts administrators, and legal experts. Could a high school musical, school sporting event, a PTA fundraiser, or a university lecture series fall under the same regulatory umbrella as well-known musical acts or professional sporting events?

Without a clear exemption for educational or nonprofit institutions, admission to plays, concerts, or sporting events could technically be subject to the same disclosure requirements as commercial ticketing platforms. This could create compliance burdens for organizations that lack the infrastructure or legal expertise to navigate federal regulations.

If interpreted broadly, the rule could require covered entities to implement the following measures or face penalties for noncompliance, even if the intent was not deceptive:

- Disclose all fees upfront on flyers, websites, or ticketing platforms—even if those fees are minimal or used to cover basic costs like printing or online processing.
- Reconfigure ticketing systems to ensure compliance with FTC standards for “clear and conspicuous” price disclosures.

What Entities Can Do

Until further clarification is issued, schools and nonprofits should consider taking the steps outlined below:

- Reviewing their ticketing practices to ensure all mandatory fees are disclosed up front.
- Consulting legal counsel or local education authorities for guidance on compliance.
- Monitoring FTC updates and FAQs for any future clarifications or exemptions.

Key Takeaways

The FTC’s junk fees rule is a step forward in protecting consumers from illusory pricing, but its broad language could have unintended consequences for small, community-based organizations. As the rule is implemented, it will be crucial for the FTC to provide clearer definitions and exemptions to ensure that the regulation targets bad actors—without unduly burdening schools and nonprofits attempting to raise funds or support the arts.

If you have questions regarding how you may be impacted by this rule, contact the authors or another member of Frost Brown Todd's [Data, Digital Assets & Technology](#) or [Consumer Financial Services](#) teams.

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