

# A Week of Headwinds and Tailwinds for Hospitality

10.02.26

Hi there, and welcome back to the *Regulatory Check-In!*

This week: California's CIPA tracking bill heads for the governor's signature with some gaps, an El Niño emergency declaration puts price gouging rules on hold, Illinois' swipe-fee fight widens, two Mexican resort states step up tourist taxes, and California signs new bills ahead of the LA 2028 Games.

**CA Tracking Bill Deals a Blow, but Not a Knockout:** A few weeks ago, we flagged the California bill that would stop private plaintiffs from bringing website tracking lawsuits under the state's wiretap law (CIPA). The bill is still waiting on the governor's signature, but even if it is signed, it will not end these suits. The ban is narrow. It covers only one provision of CIPA, so plaintiffs will still have other legal theories to challenge pixels, analytics scripts, chat tools and similar technologies. That matters for hospitality, since hotel booking engines and loyalty portals rely heavily on these tools and have been frequent targets. In short, the bill would lower the class action risk, but it would not take the risk away. Keep your website and vendor audits on the calendar.

**Illinois Swipe-Fee Ban Also Blocked for Federal Credit Unions:** Every time a guest pays by card, the business pays a "swipe" (interchange) fee, and that fee is charged on the full transaction amount, including sales tax, occupancy tax and tips. In practice, that means restaurants and hotels pay a fee on money they never keep: taxes they pass along to the government and gratuities they pass along to staff. Illinois passed a landmark law to stop that, banning swipe fees on the tax and tip portions of a transaction. The banking industry sued, and earlier this year a federal judge blocked the state from enforcing the ban against most banks. This week, the judge expanded that injunction to cover federal credit unions. If the law survives, expect copycats in other states.

**Mexico's Resort Destinations Double Down on Tourist Taxes:** Two of Mexico's biggest leisure markets now require international visitors to pay a tourist tax. Quintana Roo's Visitax applies to Cancún, Cozumel, Playa del Carmen, the Riviera Maya, Holbox, Isla Mujeres, Bacalar and Tulum. Baja California Sur's new tax covers Cabo San Lucas, La Paz and Loreto. These charges are separate from lodging taxes collected by hotels, so the practical risk is on the guest experience side: travelers who find out about the tax at the airport or at check-in tend to blame the property. For resorts, travel sellers and booking partners serving these markets, pre-arrival communications and booking confirmations are the natural place to flag it, particularly as all-in pricing expectations continue to rise.

**El Niño State of Emergency, With Price Gouging Restrictions on Hold for Now:** A quick refresher on a law that doesn't get much attention until it suddenly matters. Under California's price gouging statute, once a state or local emergency is declared, businesses generally can't raise prices on covered goods and services, including hotel and motel rooms, by more than 10% above pre-emergency levels. Such laws vary by state. The restriction typically lasts 30 days and can be extended. Violations can carry criminal penalties, civil penalties and AG enforcement, and the AG has used the law aggressively after past wildfires and other disasters. For hotels, the exposure comes from timing: emergencies drive up demand from displaced residents, insurance placements and response crews at the same moment that rates are effectively frozen. That's why this week's news is worth a closer look. Governor Newsom has declared a state of emergency over severe El Niño storms, including atmospheric river flooding and mudslides. Unusually, the declaration suspends the price gouging restrictions for now. Hotels in affected areas get some breathing room, but "for now" is the key phrase. A suspension can be lifted quickly, and a separate local emergency declaration can bring the restrictions back into play. Rate decisions in affected counties should still be documented and defensible, and revenue management teams should know who is watching for changes to the declaration.

**CA Signs Bills as LA Readies for the 2028 Games:** Fresh off the World Cup, Governor Newsom signed three LA28 bills covering Olympic Games security, athlete tuition and temporary operational changes, plus \$7 million in new funding. The Games are projected to generate \$20.5 billion to \$40.6 billion in economic output, and the Super Bowl comes to LA in February 2027. For LA-area hotels, the demand is coming. Plan accordingly.

Until next time.

---

#### Calif. Bill Deals Blow, But Not Knockout, To Tracking Suits

September 24, 2026 via Law360

A California bill awaiting the governor's signature is poised to reduce the swell of litigation under the California Invasion of Privacy Act, but the narrow scope of the pending lawsuit ban leaves open other avenues for plaintiffs to target the widespread use of website tracking technologies.

#### Illinois Swipe-Fee Ban Also Blocked For Federal Credit Unions

September 23, 2026 via Law360

An Illinois federal judge expanded an order blocking the state from enforcing its landmark ban on tax-and-tip swipe fees against most banks, ruling that an injunction she granted earlier this year extends to federal credit unions in light of a new federal rule that authorizes them to collect interchange fees.

#### Visitax – A Mandatory Tax For All Foreign Visitors Traveling to Quintana Roo, Mexico

September 23, 2026 via Visitax

VISITAX applies to travel to destinations including Cancun, Cozumel, Playa del Carmen, Riviera Maya, Holbox, Isla Mujeres, Bacalar and Tulum.

[Embrace It – Mandatory Tourist Tax for Baja California Sur](#)

September 23, 2026 via Government of the State of Baja California Sur

Applies to eligible international travelers traveling to Cabo San Lucas, La Paz, and Loreto in Baja California Sur.

[El Niño State Of Emergency Declared - Price Gouging Restrictions Suspended For Now](#)

September 21, 2026 via Executive Department, State of California

Whereas in the past several years, California has experienced increasingly severe and destructive storms, including atmospheric river events that have caused widespread ...

[Governor Newsom Signs Bills as Los Angeles Readies for 2028 Olympic and Paralympic Games](#)

September 20, 2026 via Governor Gavin Newsom

At Exposition Park in front of Los Angeles Memorial Coliseum, site of the 2028 Olympic and Paralympic Games, Governor Gavin Newsom signed legislation building on the state's support of Los Angeles' preparations for the upcoming 2028 Games after a ...

Posted in [The Regulatory Check-In](#)

## Authored by

[Melia A. Preedy](#)

[Counsel|Seattle](#)

[206.816.1335 melia.preedy@foster.com](#)