



HERA

housing and
economic
rights advocates



consumeraction



The Honorable Tom Umberg
California State Senate
State Capitol
Sacramento, CA. 95814

May 13, 2020

RE: Support for SB 1196 - Expanding Consumer Protections Against Price Gouging

Dear Senator Umberg:

We are writing in support of your bill, SB 1196, to update state laws around price gouging. There is a lot for Californians to worry about with the COVID-19 outbreak, but absurd prices for hand sanitizers, masks, gloves, food, water and other critical necessities shouldn't be one of them.

Since the beginning of the novel coronavirus (COVID-19) outbreak, the cost of critical health supplies has spiked dramatically, especially on online platforms. U.S.PIRG Education Fund did an [analysis](#) of critical health supplies sold on Amazon in late February, and found that more than half the products we examined saw price spikes of at least 50% compared to the average price.

Unfortunately, our existing laws against price gouging only apply in limited circumstances, when a seller has previously sold the product, and marked up the price by more than 10 percent after an emergency has been declared.

This bill would allow the local legislative body, local official, Governor, or Legislature to set a date prior to the proclamation or declaration of emergency as a basis for price increases. It would also close a loophole which currently prevents new sellers from being prosecuted for price gouging and allow appropriate authorities to extend enforcement of this law as necessary.

This bill is important for several reasons:

1- Price gouging often begins before an official state of emergency is declared. In California, San Francisco was the first city to declare an emergency, on Feb. 25, 2020. Gov. Newsom declared a statewide emergency on March 4th. But based on U.S. PIRG's [analysis](#), we know that prices for certain supplies started spiking after the World Health Organization declared a global health emergency on January 30th.

2- Regulations on price gouging should be enforced for as long as deemed necessary. Existing California law on price gouging goes into effect upon the proclamation or declaration of a state of emergency and for a period of only 30 days after. If not for Gov. Newsom's [executive order](#) which extended enforcement through September 4, 2020, these critical consumer protections would already have expired.

3- New sellers entering the marketplace must not be allowed to sell critical products at unconscionable prices. California district attorneys have stated that a loophole in the existing price-gouging law allows sellers to offer products at absurdly high prices during a state of emergency as long as that seller had not offered the specific product before. This is unacceptable.

For these reasons and many more we strongly support this bill.

Thank you for your leadership on this issue, and we look forward to working with you to ensure California consumers are protected from price gouging.

Sincerely,

1. Emily Rusch, Executive Director, CALPIRG
2. Maeve Elise Brown, Esq., Executive Director, Housing and Economic Rights Advocates (HERA)
3. California Low Income Consumer Coalition
4. Rosemary Shahan, President, Consumers for Auto Reliability and Safety
5. Nancy Peverini, Legislative Director, Consumer Attorneys of California
6. Mark W. Toney, Executive Director, TURN -- The Utility Reform Network
7. Alegra Howard, Policy Advocate, Consumer Action
8. Rabbi Jonathan D. Klein, Executive Director, HOPE for All
9. Maggie Cervantes, Executive Director, New Economics for Women

10. Amber Baur, Executive Director, United Food and Commercial Workers Western States Council