

PRICE GOUGING ISSUE BRIEF

Background

Price gouging occurs when sellers take advantage of consumers during a state of emergency by charging too much for essential goods and services, often at an “unconscionably excessive price.” The public is harmed when businesses that provide essential goods and services engage in price gouging during times of crisis. These include weather events, natural catastrophes, or public health emergencies. Vulnerable communities are most at risk because they do not have the economic resources to access essential goods and services when prices spike during a state of emergency. People are harmed when access to basic goods such as food, water, fuel, medical supplies and other essentials such as diapers, soap, and school supplies are out of financial reach.

Approximately [37 states and territories have price gouging laws](#), rules, or regulations. There is considerable variety amongst these laws. Some laws cover “essential” or “critical” products that vary upon the emergency. Others expressly identify items such as food, gasoline, and medical goods. Some states have laws that cover all products and services. Despite the differences, they are all generally triggered by a declared state of emergency, natural disaster, or an abnormal market or economic disruption.

Role of State Attorneys General

State Attorneys General throughout the country are tasked with enforcing their states’ price gouging and consumer protection laws during a state or national emergency. Enforcement of these laws was most recently highlighted during the COVID-19 pandemic, where there were numerous complaints against individuals and businesses charging noticeably higher prices for critical goods and services.

For example, in Vermont, which does not have a broad price gouging statute, former Attorney General T.J. Donovan obtained a [preliminary injunction](#) under its general Consumer Protection Act when a private security firm sold masks to local hospitals during the COVID crisis at an unconscionable profit. The profiteer sold masks at \$2.50 per unit when it only cost them 10 cents. In granting the preliminary injunction, the Court agreed with the Vermont Attorney General that this constituted an illegal, unfair trade practice. The Court determined an unfair trade practice likely occurred because charging extremely inflated prices to medical providers for crucial personal protective equipment during a public health emergency was a violation of public policy.

Recent Examples of State Attorneys General Actions

Here are some examples of other enforcement activity and policy work by state attorneys general to address price gouging:

- California Attorney General Rob Bonta [issued an alert](#) reminding residents that businesses seeking to increase prices more than 10% for food, medical supplies, building materials, and gasoline during a state of emergency brought by the 2023 winter storms would be subject to civil and criminal penalties.

- Former District of Columbia Attorney General Karl Racine [sued Capitol Petroleum Group, LLC](#) (CPG), a leading retailer and distributor of gasoline, for price gouging during the COVID-19 crisis. The Attorney General alleged that CPG marked up gasoline by 41.6%-149.8%.
- New York Attorney General Letitia James [promulgated regulations on March 2, 2023](#), to strengthen enforcement of NY's price gouging law. The rules clarified the state law, which would help guide investigations to combat price gouging and set clear guardrails against price increases during emergencies.
- In March 2020, [33 Attorneys General](#) from the states and territories [wrote to the major online sales platforms](#) demanding that they aggressively pursue price gouging sellers on their sites.
- Former Pennsylvania Attorney General Josh Shapiro entered more than [50 settlements](#) related to COVID emergency price gouging incidents, including grossly inflated prices for anti-bacterial wipes, hand sanitizer, and masks.
- Florida Attorney General Ashley Moody [launched a price gouging app](#) to help consumers quickly and effectively report price gouging during a declared state of emergency.
- [Since 2018](#), North Carolina Attorney General Stein has brought 11 lawsuits against 27 defendants under North Carolina's price gouging statute. He has obtained 14 judgments against 25 defendants, including a \$274,000 settlement that was the largest price gouging settlement in the office's history. The office has secured more than \$1,080,000 in these judgments and settlements.
- In 2022, Colorado Attorney General Weiser [urged major online real estate companies](#) to address price gouging stemming from price hikes on rental properties following a wildfire that destroyed hundreds of homes in Boulder County.

The Leadership Center for Attorney General Studies is a non-partisan organization dedicated to educating the public about the important role state attorneys general play in addressing pressing issues, enforcing laws, and bringing about change.