

STATE OF NEW YORK

10270

IN ASSEMBLY

April 8, 2020

Introduced by M. of A. ROZIC -- read once and referred to the Committee on Consumer Affairs and Protection

AN ACT to amend the general business law, in relation to price gouging

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 396-r of the general business law, as amended by
2 chapter 510 of the laws of 1998, subdivision 4 as amended by chapter 224
3 of the laws of 2008, is amended to read as follows:

4 § 396-r. Price gouging. 1. Legislative findings and declaration. The
5 legislature hereby finds that during periods of abnormal disruption of
6 the market caused by strikes, power failures, severe shortages or other
7 extraordinary adverse circumstances, some parties within the chain of
8 distribution of [~~consumer~~] goods have taken unfair advantage of [~~consum-~~
9 ~~ers~~] the public by charging grossly excessive prices for essential
10 [~~consumer~~] goods and services.

11 In order to prevent any party within the chain of distribution of any
12 [~~consumer~~] goods from taking unfair advantage of [~~consumers~~] the public
13 during abnormal disruptions of the market, the legislature declares that
14 the public interest requires that such conduct be prohibited and made
15 subject to civil penalties.

16 2. During any abnormal disruption of the market for [~~consumer~~] goods
17 and services vital and necessary for the health, safety and welfare of
18 consumers or the general public, no party within the chain of distribu-
19 tion of such [~~consumer~~] goods or services or both shall sell or offer
20 to sell any such goods or services or both for an amount which repres-
21 ents an unconscionably excessive price. For purposes of this section,
22 the phrase "abnormal disruption of the market" shall mean any change in
23 the market, whether actual or imminently threatened, resulting from
24 stress of weather, convulsion of nature, failure or shortage of electric
25 power or other source of energy, strike, civil disorder, war, military
26 action, national or local emergency, or other cause of an abnormal
27 disruption of the market which results in the declaration of a state of
28 emergency by the governor. For the purposes of this section, the term
29 [~~consumer~~] goods and services shall [~~mean those~~] include (a) consumer

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD16097-03-0

1 goods and services used, bought or rendered primarily for personal,
2 family or household purposes, (b) essential medical supplies and
3 services used for the care, cure, mitigation, treatment or prevention of
4 any illness or disease, and (c) any other essential goods and services
5 used to promote the health or welfare of the public. This prohibition
6 shall apply to all parties within the chain of distribution, including
7 any manufacturer, supplier, wholesaler, distributor or retail seller of
8 [~~consumer~~] goods or services or both sold by one party to another when
9 the product sold was located in the state prior to the sale. [~~Consumer~~
10 ~~goods~~] Goods and services shall also include any repairs made by any
11 party within the chain of distribution of [~~consumer~~] goods on an emer-
12 gency basis as a result of such abnormal disruption of the market.

13 3. Whether a price is unconscionably excessive is a question of law
14 for the court.

15 (a) The court's determination that a violation of this section has
16 occurred shall be based on any of the following factors: (i) that the
17 amount of the excess in price is unconscionably extreme; or (ii) that
18 there was an exercise of unfair leverage or unconscionable means; or
19 (iii) a combination of both factors in subparagraphs (i) and (ii) of
20 this paragraph.

21 (b) In any proceeding commenced pursuant to subdivision four of this
22 section, prima facie proof that a violation of this section has occurred
23 shall include evidence that:

24 (i) the amount charged represents a gross disparity between the price
25 of the goods or services which were the subject of the transaction and
26 their value measured by the price at which such [~~consumer~~] goods or
27 services were sold or offered for sale by the defendant in the usual
28 course of business immediately prior to the onset of the abnormal
29 disruption of the market; or

30 (ii) the amount charged grossly exceeded the price at which the same
31 or similar goods or services were readily obtainable [~~by other consum-~~
32 ~~ers~~] in the trade area.

33 (c) A defendant may rebut a prima facie case with evidence that (1)
34 the increase in the amount charged preserves the margin of profit that
35 the defendant received for the same goods or services prior to the
36 abnormal disruption of the market or (2) additional costs not within the
37 control of the defendant were imposed on the defendant for the goods or
38 services.

39 4. Where a violation of this section is alleged to have occurred, the
40 attorney general may apply in the name of the People of the State of New
41 York to the supreme court of the State of New York within the judicial
42 district in which such violations are alleged to have occurred, on
43 notice of five days, for an order enjoining or restraining commission or
44 continuance of the alleged unlawful acts. In any such proceeding, the
45 court shall impose a civil penalty in an amount not to exceed twenty-
46 five thousand dollars per violation or three times the gross receipts
47 for the relevant goods or services, whichever is greater and, where
48 appropriate, order restitution to aggrieved [~~consumers~~] parties.

49 5. The attorney general may promulgate such rules and regulations as
50 are necessary to effectuate and enforce the provisions of this section.

51 § 2. This act shall take effect immediately.