

STATE OF NEW YORK

5850

2021-2022 Regular Sessions

IN ASSEMBLY

March 1, 2021

Introduced by M. of A. BRAUNSTEIN, THIELE, HEVESI, GUNTHER, STIRPE --
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 Assem-
bly, do enact as follows:

1 Section 1. Section 396-r of the general business law, as amended by
2 chapter 90 of the laws of 2020, is amended to read as follows:
3 § 396-r. Price gouging. 1. Legislative findings and declaration. The
4 legislature hereby finds that during periods of abnormal disruption of
5 the market caused by strikes, power failures, severe shortages or other
6 extraordinary adverse circumstances, some parties within the chain of
7 distribution of goods have taken unfair advantage of the public by
8 charging grossly excessive prices for essential goods and services.
9 In order to prevent any party within the chain of distribution of any
10 goods from taking unfair advantage of the public during abnormal
11 disruptions of the market, the legislature declares that the public
12 interest requires that such conduct be prohibited and made subject to
13 civil penalties.
14 2. During any abnormal disruption of the market for goods and services
15 vital and necessary for the health, safety and welfare of consumers or
16 the general public, no party within the chain of distribution of such
17 goods or services or both shall sell or offer to sell any such goods or
18 services or both for an amount which represents an unconscionably exces-
19 sive price. For purposes of this section, the phrase "abnormal
20 disruption of the market" shall mean any change in the market, whether
21 actual or imminently threatened, resulting from stress of weather,
22 convulsion of nature, failure or shortage of electric power or other
23 source of energy, strike, civil disorder, war, military action, national
24 or local emergency, or other cause of an abnormal disruption of the
25 market [~~which~~], where such abnormal disruption results in the declara-

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

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

15 ~~3. [Whether a price is unconscionably excessive is a question of law
16 for the court.~~

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

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

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

32 ~~(ii) the amount charged grossly exceeded the price at which the same
33 or similar goods or services were readily obtainable in the trade area.~~

34 ~~(c)] (a) A price is not an "unconscionably excessive price" if any one
35 of the following applies:~~

36 ~~(i) it is ten percent or less above the seller's price for that prod-
37 uct immediately prior to the declaration of the state of emergency by
38 the governor;~~

39 ~~(ii) it is ten percent or less above current prices for that product
40 in any area outside the geographic scope of the declaration of the state
41 of emergency or an adjoining state, tax-adjusted;~~

42 ~~(iii) it is ten percent or less above the sum of the seller's: (A)
43 acquisition or replacement cost, whichever is higher; plus (B) the mark-
44 up customarily applied by the seller in the usual course of business
45 immediately prior to the declaration of the state of emergency by the
46 governor;~~

47 ~~(iv) it is attributable to fluctuations in applicable regional or
48 national spot or commodity markets; or~~

49 ~~(v) it is a contract price or price formula agreed to prior to the
50 declaration of the state of emergency by the governor.~~

51 ~~(b) A defendant may rebut a prima facie case with evidence that (1)
52 the increase in the amount charged preserves the margin of profit that
53 the defendant received for the same goods or services prior to the
54 abnormal disruption of the market or (2) additional costs not within the
55 control of the defendant were imposed on the defendant for the goods or
56 services.~~

1 4. Where a violation of this section is alleged to have occurred, the
2 attorney general may apply in the name of the People of the State of New
3 York to the supreme court of the State of New York within the judicial
4 district in which such violations are alleged to have occurred, on
5 notice of five days, for an order enjoining or restraining commission or
6 continuance of the alleged unlawful acts. In any such proceeding, the
7 court shall impose a civil penalty in an amount not to exceed twenty-
8 five thousand dollars per violation or three times the gross receipts
9 for the relevant goods or services, whichever is greater and, where
10 appropriate, order restitution to aggrieved parties.

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

13 § 2. This act shall take effect immediately.