

STATE OF NEW YORK

3079

2023-2024 Regular Sessions

IN SENATE

January 27, 2023

Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer 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 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-
26 tion of a state of emergency by the governor. For the purposes of this

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

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

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

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

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

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

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

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

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

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

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

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

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

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