

Colorado Legislative Council Staff

STATE
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 06-0152

Date: February 15, 2006

Prime Sponsor(s): Rep. Green

Bill Status: House Business Affairs and Labor

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TITLE: CONCERNING A PROHIBITION ON PRICE GOUGING.

Fiscal Impact Summary	FY 2006/2007	FY 2007/2008
State Revenues General Fund		
State Expenditures		
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor and shall apply to all offenses committed on or after that date.		
Appropriation Summary for FY 2006/2007: None Required.		

Summary of Legislation

This bill prohibits price gouging during an emergency. It defines "emergency" to include a natural disaster or other circumstances or events declared by federal or state authorities to be an emergency. Price gouging is prohibited for all goods and services upon which a person's life depends. The prohibition applies to all parties within the chain of distribution including manufacturers, suppliers, wholesalers, distributors, and retail sellers. The price for goods and services are not unreasonable if the price reflects its cost prior to an emergency, the average profit margin of the seller during the 30 days prior to an emergency, and the added cost of selling during an emergency. The bill allows the Attorney General to file suit in district court enjoining the commission of unlawful acts.

State Revenues

The bill requires a district court to impose a civil penalty not to exceed \$10,000 per day for all acts of price gouging. The number of civil claims for price gouging would depend on the number and duration of emergency declarations issued by state or federal authorities, which cannot be predicted at this time. Further, it is estimated that even if an emergency is declared, most manufacturers, suppliers, wholesalers, distributors, and retail sellers will comply with the prohibitions to avoid civil liability. Because the bill only applies in the case of a declared emergency, the bill is assessed as having a conditional fiscal impact. The amount of civil penalties to be collected is unknown. Any revenues from civil penalties would be credited to the General Fund.

State Expenditures

Since this legislation creates civil causes of action, it may increase the workload of the Department of Law and the Judicial Branch. The total fiscal impact of this bill cannot be quantified at this time and will be dependent upon the number of acts of price gouging during a declared period of emergency.

Departments Contacted

Law Judiciary Governor Military Affairs Regulatory Agencies