Price Gouging After Disasters

This Act prohibits sellers from excessively raising prices on their merchandise during emergencies and natural disasters.

Submitted as:
New Jersey
Chapter 297 of 2002
Status: enacted into law in 2002.

Suggested State Legislation

(Title, enacting clause, etc.)

Section 1. [Short Title.] This Act may be cited as “An Act to Prevent Price Gouging after Disasters.”

Section 2. [Legislative Findings.] The [Legislature] finds and declares that during emergencies and major disasters, including, but not limited to, earthquakes, fires, floods or civil disturbances, some merchants have taken unfair advantage of consumers by greatly increasing prices for certain merchandise. While the pricing of merchandise is generally best left to the marketplace under ordinary conditions, when a declared state of emergency results in abnormal disruptions of the market, the public interest requires that excessive and unjustified price increases in the sale of certain merchandise be prohibited. It is the intention of the [Legislature] to prohibit excessive and unjustified price increases in the sale of certain merchandise during declared states of emergency in this state.

Section 3. [Definitions.] As used in this Act:
“Excessive price increase” means a price that is excessive as compared to the price at which the consumer good or service was sold or offered for sale by the seller in the usual course of business immediately prior to the state of emergency. A price shall be deemed excessive if:
(1) The price exceeds by more than [ten (10)] percent the price at which the good or service was sold or offered for sale by the seller in the usual course of business immediately prior to the state of emergency, unless the price charged by the seller is attributable to additional costs imposed by the seller's supplier or other costs of providing the good or service during the state of emergency;
(2) In those situations where the increase in price is attributable to additional costs imposed by the seller's supplier or additional costs of providing the good or service during the state of emergency, the price represents an increase of more than [ten (10)] percent in the amount of markup from cost, compared to the markup customarily applied by the seller in the usual course of business immediately prior to the state of emergency.
“State of emergency” means a natural or man-made disaster or emergency for which a state of emergency has been declared by the President of the United States or the [Governor], or for which a state of emergency has been declared by a [municipal emergency management coordinator].

Section 4. [Unlawful Practice to Sell Merchandise at Excessive Price During Emergency.] It shall be an unlawful practice for any person to sell or offer to sell during a state of emergency or within [thirty (30)] days of the termination of a state of emergency, in the area for which the state of emergency has been declared, any merchandise which is consumed or used as a direct result of an emergency or which is consumed or used to preserve, protect, or sustain the life, health, safety or comfort of persons or their property for a price that constitutes an excessive price increase.

Section 5. [Severability.] [Insert severability clause.]
Section 6. [Repealer.] [Insert repealer clause.]

Section 7. [Effective Date.] [Insert effective date.]