

To: The Honorable Members of the Pennsylvania House Veterans Affairs and Emergency Preparedness Committee

Re: Support HB 1577, Reforming Pennsylvania's Price Gouging Statute

Date: June 14, 2021

From:

American Petroleum Institute Pennsylvania
National Federation of Independent Business
Pennsylvania Builders Association
Pennsylvania Chamber of Business and Industry
Pennsylvania Food Merchants Association
Pennsylvania Manufacturers Association
Pennsylvania Petroleum Association
Pennsylvania Restaurant and Lodging Association
Pennsylvania Retailers Association

As members of a broad coalition of Pennsylvania businesses and industries, we urge you to support HB 1577, sponsored by Rep. Zach Mako and is expected to be considered today in the House Veterans Affairs and Emergency Preparedness Committee. This important legislation reforms the state's price gouging statute to protect consumers and provide greater certainty to businesses across the state, and has received strong bipartisan support in prior sessions.

The Price Gouging Act, as currently written, leaves businesses, manufacturers and retailers potentially vulnerable to enforcement action from the state's Office of Attorney General for price increases on consumer goods that may occur during disaster emergencies and for thirty days after a disaster declaration is terminated. This is an excessively long period as compared to other state laws.

And while voters approved amendments to the Constitution to provide the General Assembly the option to terminate a disaster declaration, as currently written the state's Price Gouging Act subjects all consumer goods and services subject to pricing restrictions for an additional month beyond such termination, impacting every manufacturer, distributor and retailer across the state. The Act as written also institutes price controls on *all* consumer goods or services, even if they are unrelated to the emergency itself.

Further, while the legislature is using its newly granted powers to terminate the COVID-19 declaration, other declarations remain in place and have been renewed repeatedly. Specifically, Governor Wolf's disaster declaration to combat the heroin and opioid epidemic, first signed in January 2018, triggered the Price Gouging Act, and now with its 14th renewal of the disaster declaration, all consumer goods and services have been subject to pricing restrictions, leaving potential enforcement risk for every manufacturer, distributor and retailer across the state.

These situations emphasize the need to reshape the law so that its impact is more focused and more effective. Accordingly, HB 1577 gives the Governor the discretion to trigger pricing restrictions when necessary, and only to affected goods and services necessary for responding to the disaster. This legislation

also limits the duration of pricing restrictions to 15 days, with extensions up to 45 additional days. Finally, HB 1577 provides guidance and clarity for the consumer on what constitutes price gouging with a lower threshold of 10% or less above specified benchmarks, or market and contract prices. This is more stringent than the 20% threshold currently imposed by the law.

We recognize the vital importance of ensuring consumer protections, especially in times of emergencies. We also recognize the need for predictability and consistency in our economy and business operations. Therefore, we respectfully ask you to vote yes on HB 1577 and strengthen the Price Gouging Act for consumers and business alike.

Thank you.