



## FAQs on Price Gouging

### What is price gouging?

Price gouging refers to vendors and service providers trying to take unfair advantage of consumers during an emergency or disaster by greatly increasing prices for essential consumer goods and services.

### Is price gouging illegal in California?

Yes, in certain circumstances. California's anti-price gouging statute, Penal Code Section 396, prohibits raising the price of many consumer goods and services by more than 10% after an emergency has been declared.

### When does California's anti-price gouging statute apply?

The statute applies immediately after the President of the United States, the Governor of California, or city or county executive officer declares a state of emergency resulting from any natural or manmade disaster, such as a fire.

### Who is subject to the statute?

Individuals, businesses, and other entities must all comply with the statute. This also includes landlords.

### What goods and services are covered by the statute?

The statute applies to the following major necessities: lodging (including rental housing, hotels and motels); food and drink (including food and drink for animals); emergency supplies such as water, flashlights, radios, batteries, candles, blankets, soaps, diapers, temporary shelters, tape,

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toiletries, plywood, nails, and hammers; and medical supplies such as prescription and nonprescription medications, bandages, gauze, isopropyl alcohol, and antibacterial products.

It also applies to other goods and services including: home heating oil; construction materials including lumber, tools, and windows; transportation; freight; storage services; gasoline and other motor fuels; and repair and reconstruction services.

### **How long does the price gouging statute apply?**

The statute generally applies for 30 days after a declaration of emergency, although for reconstruction services and emergency cleanup services, it applies for 180 days after a declaration of emergency. The state legislature and local officials may extend the effective period of the statute beyond these timeframes.

### **What if I experienced price increases outside of the city or county where the disaster occurred?**

The statute does not restrict its protection to a city or county where the emergency or disaster is located. It is intended to prevent price gouging anywhere in the state where there is increased consumer demand as a result of the declared emergency. For example, if a fire in Sonoma County causes residents to evacuate to neighboring Marin County, hotels in Marin County may not raise rates by more than 10% to take advantage of the increase in demand for lodging.

### **What if a seller increased the price of a good or service because the seller's costs of providing the good or service increased?**

If the seller can prove that the increase in price is directly attributable to increases in the cost of labor or materials needed to provide the good or service, the seller may not be liable under the statute.

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### **What are the consequences of violating the statute?**

Violations of the price gouging statute are subject to civil penalties and/or criminal prosecution that can result in one-year imprisonment in county jail and/or a fine of up to \$10,000.

Violations are also subject to civil enforcement actions including civil penalties of up to \$5,000 per violation, injunctive relief, and mandatory restitution.

### **Who should I report price gouging to?**

Price gouging that occurs in Sonoma County can be reported to the Attorney General's Office and/or the Sonoma County District Attorney's Office. The Attorney General and the District Attorney may, on behalf of the public, investigate or prosecute someone who has engaged in price gouging. Anyone who has been the victim of price gouging, or who has information regarding potential price gouging, is encouraged to immediately file a complaint with the Attorney General's Office or the Sonoma County District Attorney's Office. You may also contact our office if you need help addressing a price gouging concern.

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