

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6474

BILL NUMBER: HB 1015

DATE PREPARED: Nov 20, 2001

BILL AMENDED:

SUBJECT: Price Gouging During an Emergency Event.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that: (1) the sale of a commodity; or (2) the lease or rental of storage property; at a price that is greater than 10% above the average price charged before the occurrence of an emergency event is price gouging. It establishes that price gouging is a Class C infraction and a deceptive act enforceable in a civil action by a consumer or the Attorney General.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This bill could increase the administrative burden of the Attorney General's Office in so far as it would allow the Office more authority to bring civil actions against alleged price gougers during an emergency event. Any impact of this provision on the Attorney General's Office is expected to be absorbed using existing staff and resources.

Explanation of State Revenues: *Penalty Provision:* This bill also makes price gouging a deceptive act under certain circumstances, and makes a person subject to the remedies and penalties set out in the Deceptive Consumer Sales Act statute. The court may do any of the following under the Deceptive Consumer Sales Act: award reasonable attorney's fees to the prevailing party, issue an injunction (if a party violates the injunction, it must pay the state up to \$15,000 per violation), order payment to the state for reasonable costs of the Attorney General's investigation and prosecution, void or limit the application of contracts, order restitution paid to aggrieved consumers, order payment to the state of \$500 per violation if a supplier knowingly committed an act constituting a deceptive sale or deceptive and unconscionable act, and if appropriate, allow an elderly person who relies on an uncured or incurable deceptive act to recover treble damages.

If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or

55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Attorney General's Office.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: