

Department of Planning and Budget

2004 Fiscal Impact Statement

1. **Bill Number:** HB686

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Rapp

3. **Committee:** Commerce and Labor

4. **Title:** Anti-price gouging

5. **Summary/Purpose:** The bill adds a new chapter to Title 59.1 titled "Virginia Post-Disaster Anti-Price Gouging Act." The bill prohibits price gouging by suppliers selling, leasing, or licensing, or offering to sell, lease, or license, necessary goods and services during times of disaster. A time of disaster is the period of time in which a declaration of a state of emergency by the Governor or the President of the United States is in effect, or 30 days after the occurrence of the event that constitutes the disaster, whichever is shorter. To determine whether price gouging has occurred, the following must be considered: the prices charged by a supplier 10 days prior to the disaster; whether the price charged by the supplier during the time of disaster grossly exceeded the price at which the same or similar goods or services were readily obtainable in the trade area during the 10 days prior to the time of disaster; whether the increase in the amount charged by the supplier was attributable solely to additional costs incurred by the supplier in connection with the sale of the goods or services; and whether the increase was attributable solely to a regular seasonable or holiday adjustment. Violations are handled in the same manner as are other violations of the Virginia Consumer Protection Act, except that no private cause of action is available.

6. **Fiscal impact:** The bill will have no fiscal impact on the Department of Agriculture and Consumer Services. See item 8.

7. **Budget amendment necessary:** No. Any additional expenses will be absorbed by the Department of Agriculture and Consumer Services' budget during the 2004 – 2006 biennium. However, additional resources may be needed in the future for investigation and enforcement of the provisions of the bill, depending on the number of complaints that are filed by consumers.

8. **Fiscal implications:** Because of the unpredictable nature of natural disasters, the Department of Agriculture and Consumer Services is unable to estimate the number of complaints that will be received to report violations of the provisions of the bill. If the number is significant, the department may require additional resources for investigation and enforcement. There may also be costs to the judicial system related to enforcement of the bill's provisions that cannot be quantified at this time.

9. Specific agency or political subdivisions affected: Department of Agriculture and Consumer Services, Office of the Attorney General, local town or city attorneys, judicial system.

10. Technical amendment necessary: No.

11. Other comments: The House substitute adds the provision for an increase attributable to regular seasonal or holiday adjustments in the price charged for goods or services. The bill is a companion bill to Senate Bill 242.

Date: 2/17/04 kbs

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cc: Secretary of Commerce and Trade