

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 347 CS Price Gouging During a Declared State of Emergency  
**SPONSOR(S):** Waters and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 572

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<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1) <u>Agriculture Committee</u>	<u>11 Y, 0 N, w/CS</u>	<u>Reese</u>	<u>Reese</u>
2) <u>Criminal Justice Committee</u>	<u></u>	<u></u>	<u></u>
3) <u>Justice Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
4) <u>State Resources Council</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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**SUMMARY ANALYSIS**

The bill provides that upon the Governor’s declaration of a state of emergency, it is a second-degree misdemeanor for any person to offer goods and services for sale to the public during the duration of the emergency unless person possesses an occupational license. The provision does not apply to religious, charitable, fraternal, civic, educational or social organizations.

The bill also allows the Governor, in the emergency declaration, to make accommodations for essential employees providing essential goods and services to exceed curfews so that retailers may remain open through all non-curfew hours. In addition, the Governor, in the emergency declaration, may direct local governments to open landfills and operate with extended hours for disposal of contaminated or spoiled goods in a reasonable or timely manner.

The bill appears to have no fiscal impact on state government. Local governments may be impacted if directed to open and operate landfills for extended hours.

The effective date of the bill is July 1, 2005.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Promote personal responsibility** – The bill, with its penalties for offering goods and services for sale without an occupational license, increases personal accountability for unlawful, injurious behavior.

#### B. EFFECT OF PROPOSED CHANGES:

Present situation: Existing law in s. 501.160, F.S., requires that the cost of commodities such as lodging, food, water, and petroleum must remain at the price that was average during the 30 days immediately preceding a declared state of emergency. Otherwise, violators of the statute are subject to civil penalties of \$1,000 per violation up to a total of \$25,000 for multiple violations committed in a single 24 hour period. Florida's Deceptive and Unfair Trade Practices Act, ss. 501.201 – 501.213, F.S., provides for civil penalties of \$10,000 per violation or \$15,000 for violations that victimize a senior citizen or handicapped person.

During 2004, the Florida Attorney General's Economic Crimes Division handled over 8,700 complaints as a result of the four hurricanes that struck the state. Thirteen lawsuits were filed in Florida courts alleging price gouging and Unfair and Deceptive Trade Practice violations. Of those thirteen, seven were against hotels, two against tree trimming services, three against generator sales, and one against a carpet cleaning and restoration service. Two of the thirteen cases have settled.

The Florida Department of Agriculture and Consumer Services' Division of Consumer Services, Division of Standards and Office of Agricultural Law Enforcement received and investigated many potential price gouging complaints following the 2004 hurricanes. The Division of Consumer Services received approximately 6,535 calls to its hotline and 3,034 complaints were investigated. The Division of Standards received 900 complaints and took enforcement action against 66 retail gasoline outlets and 21 terminals. The Office of Agricultural Law Enforcement has investigated 260 complaints and taken six actions.

Effect of proposed changes: The bill declares it a second-degree misdemeanor for a person to offer goods and services for sale to the public during a declared state of emergency, unless the person possesses an occupational license pursuant to s. 205.032 or 205.042, F.S. Commission of a misdemeanor of the second degree is punishable by imprisonment of up to 60 days or a fine up to \$500.

The bill also allows the Governor, in the emergency declaration, to make accommodations for essential employees providing essential goods and services to exceed curfews so that retailers may remain open through all non-curfew hours. In addition, the Governor, in the emergency declaration, may direct local governments to open landfills and operate with extended hours for disposal of contaminated or spoiled goods in a reasonable or timely manner.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 501.160, F.S., providing criminal penalties for failure to possess an occupation license during a declared State of Emergency.

Section 2. Amends s. 252.36, F.S., providing additional emergency management powers.

Section 3 Provides an effective date of July 1, 2005.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

The bill appears to have no impact on state government revenues.

#### 2. Expenditures:

The bill appears to have no impact on state government expenditures.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

The bill appears to have no impact on local government revenues.

#### 2. Expenditures:

No estimate of the aggregate fiscal impact on counties and municipalities is available.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill provides that any person offering goods and services for sale during a state of emergency must have an occupational license unless specifically exempted.

### D. FISCAL COMMENTS:

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

It is arguable that the mandates provision would apply to this bill because the bill authorizes the governor to require the expenditure of money by local governments to open and operate landfills for extended operating hours during the pendency of the emergency. The bill does not appear to qualify for any exception. The only exemption that may apply is the exemption for bills with an insignificant fiscal impact (less than \$1.8 million). No estimate of the aggregate fiscal impact on counties and municipalities is available. Accordingly, it is recommended that the bill include a statement of important state interest and have a 2/3 vote of the membership of each house.

#### 2. Other:

### B. RULE-MAKING AUTHORITY:

The bill contains no grant of rule-making authority.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

Please see the preceding section 1. Applicability of Municipality/County Mandates Provision.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On February 23, 2005, the Agriculture Committee adopted a strike-all amendment to:

- Provide law enforcement reasonable cause to detain a person accused of price gouging;
- Exempt certain groups/organizations from the requirement to have an occupational license;
- Allow the Governor, in the emergency declaration, to make accommodations for essential employees providing essential goods and services to exceed curfews so that retailers may remain open through all non-curfew hours; and
- Allow the Governor, in the emergency declaration, to direct local governments to open landfills and operate with extended hours for disposal of contaminated or spoiled goods in a reasonable or timely manner.