

SF6 - 0 - Price Gouging Prohibited

Chief Author: **Lindsey Port**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/12/2023 3:05:59 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Attorney General

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
State Total						
	Total	-	-	-	-	-
	Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

The Office of the Attorney General (OAG) has identified possible expenses and revenue that could result from the enforcement of the provisions of the bill. The OAG does not have the necessary data to estimate those costs or revenues for this fiscal note and is showing no fiscal impact in the bill.

LBO Signature: Karl Palm **Date:** 2/12/2023 3:05:59 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

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Chief Author: **Lindsey Port**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/12/2023 3:05:59 PM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 1/18/2023 3:54:54 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

Senate File 6 creates a new section of law in Minnesota’s consumer protection statutes. The bill prohibits the selling or offering of an essential consumer good or service for an amount representing an unconscionably excessive price during an abnormal market disruption. The bill defines all three of these terms of art, creates a new civil penalty and grants enforcement authority to the Attorney General over the section.

Assumptions

Commerce assumes SF6 will have no impact on the Department. The Attorney General enforces the provisions of Minnesota Statutes Chapter 325E unless otherwise specified in law.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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SF6 - 0 - Price Gouging Prohibited

Chief Author: **Lindsey Port**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/12/2023 3:05:59 PM**
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 2/10/2023 1:49:22 PM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

S.F. 6 (hereinafter the “Bill”) provides that during times of “abnormal market disruption,” which requires a declaration of a state of emergency by the Governor or President stating that the Bill’s prohibitions have been activated, persons are prohibited from selling or offering to sell an essential consumer good or service that exceeds 30 percent within a seven-day period, for example, food, water, fuel, gasoline, shelter, transportation, health care services, pharmaceuticals, or medical supplies for an amount that represents an unconscionably excessive price.

The Bill defines “unconscionably excessive” as a gross disparity between the price of a good or service offered for sale or sold in the usual course of business immediately prior to the onset of the abnormal market disruption or the price the same or similar good or service is readily obtainable by other purchasers in the trade area and the price disparity is not substantially attributable to significant additional costs outside of the seller’s control, and does not increase the seller’s profit.

The Bill vests the Attorney General with authority to investigate and enforce its provisions pursuant to Minn. Stat. § 8.31. The Bill further provides for a civil penalty of not more than \$10,000 per violating sale or transaction, in addition to the other remedial relief available to the Attorney General pursuant to Minn. Stat. § 8.31.

Assumptions

Abnormal Market Disruptions as described in this Bill are rare; however, when they occur they can be significant. It’s impossible to quantify potential costs associated with investigating and enforcing price-gouging that may occur during an event of unknown extent and duration. If a prolonged emergency occurs and the Attorney General’s Office (“AGO”) experiences excessive spending related to enforcement of this Bill, the AGO assumes that we would seek relief in a supplemental and emergency budget bill that would be in response to the declared emergency or abnormal market condition.

Expenditure and/or Revenue Formula

The AGO would enforce the Bill through its existing attorney and investigator resources in its Consumer, Wage, and Antitrust Division, as well as its Consumer Action Division.

The Attorney General’s Office has investigated and enforced a prohibition on price-gouging during the COVID-19 pandemic via Executive Order 20-10 issued by the Governor. Thus far, because of shifting duties and responsibilities in the Office which are specific to this event, the AGO has been able to do this work using current resources.

While any recoupment of civil penalties under the Bill would be transferred to the General Fund pursuant to Minn. Stat. § 8.31 and 16A.151, given that the Bill is triggered only in periods of abnormal market disruptions, it would be too speculative to estimate what revenue would be generated from the AGO’s enforcement of the Bill.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

AGO staff

Agency Contact: Laura Sayles

Agency Fiscal Note Coordinator Signature: Laura Capuana

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