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**STATE OF COLORADO**  
**DEPARTMENT OF LAW**

Office of the Attorney General

June 5, 2020

**M E M O R A N D U M**

**TO:** Members of the House State, Veteran, and Military Affairs Committee  
**FROM:** Jefferey Riester, Director of Legislative Affairs and Assistant Attorney General  
**RE:** House Bill 20-1414: Price Gouge Amid Disaster Deceptive Trade Practice

In the last ten years, Colorado has experienced twenty-two federally recognized disasters. Each time our communities are turned upside. Unfortunately, there are those who seek to profit off that chaos and there is little we can do to prevent this in Colorado. Thirty-six states, Guam, Puerto Rico, the U.S. Virgin Islands and the District of Columbia have statutes or regulations related to price gouging during a time of disaster or emergency. But there is no one-size-fits-all approach because each can experience vastly different emergencies.

House Bill 20-1414 (HB 20-1414) seeks to protect consumers and businesses alike from being charged unconscionable and unjustified prices while preventing profiteering during a crisis. Emergencies often coincide with a supply or demand shock. This causes products to disappear from the shelves or prices to jump to meet increased demand. By including food, medical supplies, repair services, and other necessary goods and services, the Attorney General or local district attorney can ensure people can get purchase what they truly need at a reasonable price.

By clarifying authority under the Colorado Consumer Protection Act, HB 20-1414 allows discretion to be used when evaluating price gouging complaints. By not including a fixed percentage our businesses are able to reasonably adjust prices to account for market changes. This is important as prices fluctuate throughout the year because of seasonality, contracting practices, or by simply passing costs down the supply chain. If a business is no longer able to adjust costs, they can be at risk at not being able to pay their own debts which can lead to businesses closing and exacerbating the emergency further.

Price gouging does not just occur during an emergency. After a wildfire or flood, it can take days, if not weeks, before it is safe to return to a community to start the rebuilding process. That is why the authority to investigate and hold price gougers accountable must go beyond the actual disaster. At no point should someone be allowed to profit off the misfortune of others. By having a defined period of authority after a disaster, we can help our communities recover without fear of being taken advantage of.

For these reasons, the Attorney General supports this reasonable step to provide our citizens with protections during this crisis and encourages a "yes" vote on HB 20-1414: Price Gouge Amid Disaster Deceptive Trade Practice.