



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

HB 20-1414

REVISED
FISCAL NOTE

(replaces fiscal note dated June 4, 2020)

Drafting Number:	LLS 20-1306	Date:	June 10, 2020
Prime Sponsors:	Rep. Weissman; Titone Sen. Foote; Pettersen	Bill Status:	Senate Finance
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Bill Topic: PRICE GOUGE AMID DISASTER DECEPTIVE TRADE PRACTICE

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates a deceptive trade practice for price gouging during a disaster period, enforceable by the Attorney General or a local district attorney's office. It may increase state revenue and workloads beginning in FY 2020-21.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** The revised fiscal note reflects the reengrossed bill.

Summary of Legislation

This bill creates a deceptive trade practice for price gouging during a disaster period, enforceable by the Attorney General or the district attorney's office with jurisdiction over the place where the act occurred. Specific items and services subject to the deceptive trade practice are:

- building materials;
- consumer food items;
- emergency supplies;
- fuel;
- medical supplies;
- other necessities;
- repair or reconstruction services;
- transportation, freight, or storage services; or
- services used in an emergency cleanup.

A price will not be considered unreasonably excessive if the seller can prove that, due to the events that gave rise to the disaster declaration, the seller's price is directly attributable to additional costs imposed by the supplier, or other direct costs of providing the good or service sold.

For the bill to apply, the disaster declaration must be made by the U.S. President or the Governor within a specified period of time and geographic area.

Background

For more information about price gouging laws in other states, see Legislative Council Staff's memorandum on State Laws Prohibiting Price Gouging During Declared Emergencies: https://leg.colorado.gov/sites/default/files/price_gouging_in_times_of_emergency_ip_memo.pdf.

State Revenue

Beginning in FY 2020-21, the bill may increase state General Fund revenue from penalty and fine revenue paid by persons committing prohibited price gouging. Any revenue increase is expected to be minimal; it is assumed that most persons and businesses will comply with the law.

State Expenditures

Beginning in FY 2020-21, this bill may increase workload in the Department of Law and the Judicial Department, as discussed below.

Department of Law. Workload will increase for the Attorney General to receive and investigate complaints about price gouging and, when necessary, file a deceptive trade practice action with the courts. As the enforcement of deceptive trade practices is permissive, the Attorney General will prioritize efforts in the context of all complaints received and within existing appropriations.

Judicial Department. Workload may increase in the trial courts to address deceptive trade practice claims brought under the bill. This workload increase is expected to be minimal.

Local Government

Beginning in FY 2020-21, this bill may increase workload for district attorneys who prosecute claims brought against persons engaged in deceptive trade practices under the bill. Similar to the state, this workload is permissive and expected to be minimal.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to actions brought on or after that date.

State and Local Government Contacts

Counties Judicial Law Municipalities