

#### HB 25-1010: PROHIBITING PRICE GOUGING IN SALES OF NECESSITIES

**Prime Sponsors:** 

Rep. Zokaie; Brown Sen. Weissman

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Version: Initial Fiscal Note

**Date:** January 20, 2025

Fiscal note status: The fiscal note reflects the introduced bill.

## **Summary Information**

**Overview.** The bill adds price gouging of necessities as an unfair and unconscionable act under Colorado consumer protection laws.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

Minimal State Workload

Local Government

State Revenue

Appropriations. No appropriation is required.

# Table 1 State Fiscal Impacts

	Budget Year	Out Year
Type of Impact	FY 2025-26	FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

# **Summary of Legislation**

The bill adds price gouging of necessities as an unfair and unconscionable act under Colorado's consumer protection laws. Enforcement actions may be brought by the Attorney General or the district attorney with appropriate jurisdiction. It also modifies the definition of necessities to include good and services that are necessary for the health, safety, and welfare of consumers or the general public.

#### **State Revenue**

The bill may increase state revenue from civil penalties or filings fees, as outlined below.

#### **Civil Penalties**

Under the Colorado Consumer Protection Act, a person engaging in an unfair and unconscionable act may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

## **Filing Fees**

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

# **State Expenditures**

The bill increases workload and potentially costs in multiple state agencies.

# **Department of Law**

Initially, workload in the Department of Law will increase to adopt rules to enforce the bill. To the extent that complaints are filed or violations discovered, workload and potentially costs will increase for the Department of Law to investigate and pursue legal action. The fiscal note assumes that the department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

# **Judicial Department**

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new unfair and unconscionable act. It is assumed that persons selling necessities will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this work can be accomplished within existing resources and that no change in appropriations is required.

#### **Local Government**

Similar to the state, to the extent district attorneys receive complaints related to the new prohibitions under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

#### **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct occurring on or after that date.

### **State and Local Government Contacts**

Law