
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1365 (Allen) - Unlawful business practices: price gouging

Version: March 26, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: JUD. 10 - 2, PUB. S. 5 - 1

Mandate: Yes

Consultant: Bob Franzoia

Bill Summary: SB 1365 would authorize a city attorney of any city with a population more than 750,000 to exercise all of the powers conferred on the Attorney General. In any investigation brought by a city attorney, if the Attorney General deems it necessary and in the public interest, the Attorney General may take full charge of the investigation or prosecution. This bill applies existing rules to city attorneys that currently apply to district attorneys.

Fiscal Impact: Unknown, but potentially significant depending on the frequency of investigations by city attorneys in which the Attorney General would exercise discretion to take charge. While such a scenario is unlikely, if it happens, costs could be significant.

Background: The Cartwright Anti-Trust Act outlaws any “combination of capital, skill, or acts by two or more persons” for anti-competitive purposes like the restraint of trade or the fixing or controlling of prices. It also makes any contract or agreement made in violation of the Cartwright Act void and unenforceable. It is meant to benefit the consumer by maintaining competitive markets and preventing monopolies. Under the Cartwright Act, the Attorney General and a district attorney may prosecute violations of the Act. California’s price gouging law makes charging someone for a good, including housing, for more than 10 percent what the individual charged for the good prior to the declaration of an emergency, as specified, a crime for 30 days following the declaration of the emergency. According to the author, in the wake of the Palisades and Eaton fires in early 2025, lessors of properties in the areas of the fires exploited loopholes in the price gouging law to charge individuals beyond the 10 percent limit, and there has been a lack of enforcement of the Cartwright Act. SB 1365 would make various changes to the state’s price gouging law as it relates to rental housing and would permit a city attorney of a city with a population of more than 750,000 to bring actions for violations of the Cartwright Act, as specified.

The Cartwright Act permits county district attorneys to prosecute a violation of the act on behalf of the county or any city or public agency or political subdivision within the county when it appears that the activities giving rise to the prosecution or the effects of such activities occurred primarily in the county. (Bus. & Prof. Code § 16750(g).) However, to do so, the district attorney must provide the Attorney General with a copy of the proposed complaint and a specified memoranda at least 30 days before filing the action and must provide the Attorney General with any proposed settlement at least 30 days before entering into that settlement. While the district attorney is provided with all the powers of the Attorney General in such an action, including to enter into contracts with similar party plaintiffs, the Cartwright Act also provides the Attorney General with the

power to take charge of any investigation or prosecution of a Cartwright Act violation started by a district attorney.

Cities with populations in excess of 750,000 include Los Angeles (3,857,263), San Diego (1,389,526), San Jose (990,138) and San Francisco (830,235). The next largest city is Fresno (545,970).

Proposed Law: This bill also makes a number of changes to California's price gouging law. Those changes mainly relate to price gouging in rental rates for housing.

Related Legislation: SB 763 (Hurtado), Chapter 436/2025 increased the fine for violations of the Cartwright Act to \$6,000,000 for corporate violators and \$1,000,000 for individual violators and created an additional civil penalty in a civil action for a violation of the Cartwright Act of \$1,000,000.

SB 36 (Umberg) 2025 proposed expanding the geographic location in which criminal prohibitions on price gouging after an emergency apply, expanded civil penalties for price gouging for specified displaced persons, and imposed requirements related to price gouging on online housing listing platforms. Governor Newsom vetoed SB 36 with the following message:

I am returning Senate Bill 36 without my signature.

This bill expands price gouging protections following a State of Emergency or Local Emergency declaration, establishes a housing listing program to report and remove listings that violate price gouging, and imposes criminal and civil penalties on violators. This bill would also allow the Legislature to terminate an extension of price gouging limitations via a concurrent resolution.

I appreciate the author's intent to strengthen and expand protections against price gouging for those displaced by a state or local emergency. Unfortunately, this bill includes a provision that would allow the Legislature to terminate extensions of emergency protections by concurrent resolution. This shift would weaken the Governor's authority under the Emergency Services Act and undermine the executive branch's flexibility to respond to rapidly evolving disasters. In times of emergency, Californians expect swift and decisive action to protect public safety, deliver resources, and maintain stability. Making the Governor's actions subject to termination by concurrent vote of the Legislature could delay critical measures and create uncertainty when Californians can least afford it.

For that reason, I am unable to sign this bill.