

Date of Hearing: June 30, 2026

Counsel: Dustin Weber

ASSEMBLY COMMITTEE ON PUBLIC SAFETY

Nick Schultz, Chair

SB 1365 (Allen) – As Amended May 18, 2026

**SUMMARY:** Authorizes the city attorney of any city with a population in excess of 900,000 people to initiate and prosecute actions violating California’s antitrust laws (i.e., Cartwright Act), as defined, on behalf of the city or any public agency or political subdivision, or on behalf of natural persons residing in the city. Specifically, **this bill:**

- 1) Establishes that the city attorney of any city with a population in excess of 900,000 may prosecute the action whenever it appears that the activities giving rise to prosecution or the effects of the activities occur primarily within the city.
- 2) Requires the city attorney to file with the Attorney General and the district attorney of the county at least 30 days prior to the filing of the action a copy of the proposed complaint together with a confidential memorandum and report explaining the facts giving rise to the proposed prosecution and supporting the filing of the new complaint.
- 3) Provides that in any action prosecuted, a city attorney of any city with a population in excess of 900,000 may exercise all of the powers conferred on the Attorney General provided that every contract or agreement by a city attorney shall first be approved by the governing authority of the agency in their city.
- 4) Provides that at any time within 30 days after being notified of a city attorney bringing an action, that political subdivision may, by formal resolution of its governing body or as otherwise specifically provided by applicable law, withdraw the authority of the city attorney to bring the action.
- 5) Establishes that the city attorney shall retain out of the proceeds of, if any, resulting from the action, an amount equal to the expense incurred by the city attorney in the investigation and prosecution of the action or an amount equal to 10 percent of the total recovery obtained by the city attorney, whichever is greater. Where the city is the class representative, through the city attorney, of political subdivisions located within the city, the city attorney shall retain the proceeds, if any, of any attorney’s fees awarded by the court in which the action is pending to the city attorney, resulting from the class representation.
- 6) Requires all proceeds retained by a city attorney to be deposited into the appropriate account as provided by law.
- 7) Includes a city attorney of a city with a population in excess of 900,000 in the exception for the requirement that a person who commences, by writ or appeal, any proceeding in the Supreme Court of California or a state court of appeal in which a defined violation is alleged or any application is in issue shall serve notice thereof upon the Attorney General within

three days after the commencement of the proceeding, provided that the time may be extended by the Chief Justice or presiding justice for good cause shown. Relief, temporary or permanent, shall not be granted until proof of service of this notice is filed with the court.

- 8) Adds a city attorney of a city with a population in excess of 900,000 in the authorization to institute proper proceedings in a court of competent jurisdiction for the forfeiture of charter rights, franchises, or privileges and powers exercised by the corporation or association, and for the dissolution of the corporation or association, upon a defined violation of the law.
- 9) Includes a city attorney of a city with a population in excess of 900,000 in the authorization to enforce revocation of a foreign corporation or association that violates specified provisions by bringing proper proceedings by injunction or otherwise.
- 10) Adds a city attorney of a city with a population in excess of 900,000 in the authorization for the court in a civil action to grant mandatory injunctions as may be reasonably necessary to restore and preserve fair competition in the trade or commerce affected by a defined violation.
- 11) Provides that, if the action was initiated and prosecuted by a city attorney of a city with a population in excess of 900,000, then 100 percent of the amounts deposited in with county treasurer of the county shall be paid as soon as practicable to the treasurer of the city in which the prosecution is conducted.
- 12) States that if the action was initiated and prosecuted jointly by the Attorney General and a city attorney of a city with a population in excess of 900,000 or jointly by more than one city attorney of a city with a population in excess of 900,000, those amounts shall be paid to the Treasurer and to the treasurer or treasurers of the city or cities participating in the prosecution in a proportion agreed upon by the agencies jointly prosecuting the case and as approved by the court.
- 13) Includes a district attorney or a city attorney of a city with a population in excess of 900,000 in the authorization to recover a civil penalty of not more than \$1,000,000 that shall be assessed and recovered in any civil action against any person, corporation, or business entity for specified violations.
- 14) Includes a district attorney and city attorney in the prohibition against prosecution or subjection to penalties on account of any transaction, matter, or thing concerning persons who may testify or produce evidence in the corresponding action or proceeding.
- 15) Adds the treasurer of the city in which the prosecution is conducted in the authorization that specified penalties collected shall accrue to that agency and be deposited, as defined.
- 16) States that powers granted to the Attorney General, as defined, shall be granted to the city attorney of any city having a population in excess of 900,000 when that city attorney reasonably believes that there may have been a specified violation. The city attorney is additionally subject to other provisions of the law.

- 17) Provides that a rental price increase greater than the amount prohibited in the price gouging during states of emergency statute is not unlawful if that person can prove either of the following:
- a) That an increase was contractually agreed to by the tenant prior to the proclamation or declaration.
  - b) That the increase was directly attributable to additional costs for repairs or additions beyond normal maintenance incurred within the year prior to the proclamation or declaration and either of the following is true:
    - i) The housing was rented, advertised for rent, or offered for rent at the time the costs were incurred.
    - ii) That person can prove that within a year before the proclamation or declaration, the intent to offer the housing for rent within six months of the repair or addition already existed.
- 18) States that housing advertised, offered, or charged at a daily rate following a declaration or proclamation of emergency, but that was not advertised, offered, or charged at a daily rate in the year prior to the declaration or proclamation of emergency, shall be subject to a rental price that is one-thirtieth of the rental price described.
- 19) Makes legislative findings and declarations.
- 20) Makes technical and conforming changes.

**EXISTING FEDERAL LAW:**

- 1) Establishes the Sherman Antitrust Act of 1890 which prohibits every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the states or with foreign nations, as well as the monopolization or attempt to monopolize any part of the trade or commerce among the several states, or with foreign nations, by a person or a combination or conspiracy of multiple persons. (15 U.S.C. §§ 1-2.)

**EXISTING STATE LAW:**

- 1) Establishes the Cartwright Act as California's antitrust law that prohibits anticompetitive activity. (Bus. & Prof. Code, § 16000 et. seq.)
- 2) Provides that except as expressly provided, every trust is unlawful, against public policy, and void, and that any contract or agreement in violation of the Cartwright Act is absolutely void and not enforceable. (Pen. Code, §§ 16722, 16726.)
- 3) Creates a private right of action for persons harmed by the unlawful conduct governed by the Cartwright Act, specifies damages that may be awarded thereto, and permits the Attorney General to bring an action on behalf of the state or any of its political subdivisions or agencies to recover these damages, as specified. (Bus. & Prof. Code, § 16750, subd. (a).)

- 4) Permits the district attorney of any county to prosecute on behalf of the county or any city or public agency or political subdivision within the county to recover the damages referenced above 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, subd. (a).)
- 5) Permits the Attorney General or the district attorney, upon a violation of the Cartwright Act by a corporation or association, to institute court proceedings for the forfeiture of charter rights, franchises, or privileges and powers exercised by the corporation or association, and for the dissolution of the corporation or association, and sets forth similar provisions for the revocation of a foreign corporation or association's powers, franchises, or functions for a violation of the Act. (Bus. & Prof. Code, §§ 16752-16753.)
- 6) Provides that a violation of the Cartwright Act is a conspiracy against trade, and that knowingly engaging or participating in such a conspiracy is a crime, punishable as specified. (Bus. & Prof. Code, § 16755 subd. (a).)
- 7) Provides a district attorney with all powers granted to the Attorney General to investigate or prosecute violations of law, as specified, when the district attorney reasonably believes that there may have been a violation of the Cartwright Act, Authorizes the Attorney General to file a civil action in the name of the people of the State of California, as *parens patriae* on behalf of natural persons residing in the state, for a violation of the Cartwright Act, as specified. (Bus. & Prof. Code, §§ 16759-16760.)
- 8) Authorizes the Governor of California to declare a state of emergency under certain circumstances and establishes related duties and powers. (Gov. Code, § 8625 et. seq.)
- 9) Authorizes the governing body of a city, a county, a city and county, or an official designated by that governing to declare a local emergency, and establishes related duties and powers. (Gov. Code, § 8630 et. seq.)
- 10) Prohibits, for 30 days following a proclamation or declaration of emergency, the sale, or offer to sell, any consumer food items or goods, goods or services used for emergency cleanup, emergency supplies, medical supplies, home heating oil, building materials, housing, transportation, freight, and storage services, or gasoline or other motor fuels for a price of more than 10% greater than the price charged before the proclamation or declaration of emergency. (Pen. Code, § 396, subd. (b).)
- 11) Prohibits, for 180 days following a proclamation or declaration of emergency, a contractor from selling or offering to sell any repair or reconstruction services or any services used in emergency cleanup for a price of more than 10% greater than the price charged before the proclamation or declaration of emergency. (Pen. Code, § 396, subd. (c).)
- 12) Prohibits, for 30 days following a proclamation or declaration of emergency, an owner or operator of a hotel or motel from increasing the hotel or motel's regular rates more than 10% than the price charged before the proclamation or declaration of emergency. (Pen. Code, § 396, subd. (d).)

- 13) Specifies that a violation of the price gouging statute is a misdemeanor punishable by imprisonment in county jail for up to a year, by a fine of not more than \$10,000, or both. (Pen. Code, § 396, subd. (h).)
- 14) Provides that upon the proclamation of a state of emergency or local emergency, and for a period of 30 days following that proclamation, or any period the proclamation is extended, it is unlawful to increase the rental price advertised, offered or charged for housing, to an existing or prospective tenant, by more than 10 percent. (Pen. Code, § 396, subd. (e).)
- 15) Specifies that a greater rental price is not lawful if the person or entity setting the price can prove that the increase is directly attributable to additional costs for repairs or additions beyond normal maintenance that were amortized over the rental term that caused the rent increase, or that an increase was contractually agreed upon prior to the proclamation of emergency. (Pen. Code, § 396, subd. (e).)
- 16) Provides that it shall not be defense to prosecution that an increase in rental price was based on the length of the rental term, the inclusion of additional goods or services, except as specified with respect to furniture, or that the rent was offered by, or paid by, an insurance company, or other third party, on behalf of a tenant. (Pen. Code, § 396, subd. (e).)
- 17) Specifies that, despite the proclamation of a state of emergency, a landlord may not charge a price greater than the amount authorized by a local rent control ordinance. (Pen. Code, § 396, subd. (e).)
- 18) Defines a “trust” under the Cartwright Act as “a combination of capital, skill, or acts by two or more persons for any of several specified purposes.” (Bus. & Prof. Code, § 16720.)
- 19) Defines “housing” as any rental housing with an initial lease term of no longer than one year, including, but not limited to, a space rented in a mobilehome park or campground. (Pen. Code, § 396, subd. (j)(10).)
- 20) Defines “rental price” for housing as any of the following:
  - a) For housing rented within one year prior to the time of the proclamation or declaration of emergency, the actual rental price paid by the tenant. For housing not rented at the time of the declaration or proclamation, but rented, or offered for rent, within one year prior to the proclamation or declaration of emergency, the most recent rental price offered before the proclamation or declaration of emergency. For housing rented at the time of the proclamation or declaration of emergency but which becomes vacant while the proclamation or declaration of emergency remains in effect and which is subject to any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity that establishes a maximum amount that a landlord may charge a tenant for rent, the actual rental price paid by the previous tenant or an amount that equals 160 percent of the fair market rent, whichever is greater. This amount may be increased by 5 percent if the housing was previously rented or offered for rent unfurnished, and it is now being offered for rent fully furnished. This amount shall not be adjusted for any other good or service, including, but not limited to, gardening or utilities currently or formerly provided in connection with the lease.

- b) For housing not rented and not offered for rent within one year prior to the proclamation or declaration of emergency, 160 percent of the fair market rent established by the United States Department of Housing and Urban Development. This amount may be increased by 5 percent if the housing is offered for rent fully furnished. This amount shall not be adjusted for any other good or service, including, but not limited to, gardening or utilities currently or formerly provided in connection with the lease.
  - c) Housing advertised, offered, or charged, at a daily rate at the time of the declaration or proclamation of emergency, shall be subject to the rental price applicable to housing rented within one year prior to the proclamation or declaration of emergency, if the housing continues to be advertised, offered, or charged, at a daily rate. Housing advertised, offered, or charged, on a daily basis at the time of the declaration or proclamation of emergency, shall be subject to the rental price specified for housing not rented and not offered for rent within one year prior to the proclamation or declaration of emergency, if the housing is advertised, offered, or charged, on a periodic lease agreement after the declaration or proclamation of emergency.
  - d) For mobile home spaces rented to existing tenants at the time of the proclamation or declaration of emergency and subject to a local rent control ordinance, the amount authorized under the local rent control ordinance. For new tenants who enter into a rental agreement for a mobile home space that is subject to rent control but not rented at the time of the proclamation or declaration of emergency, the amount of rent last charged for a space in the same mobile home park. For mobile home spaces not subject to a local rent control ordinance and not rented at the time of the proclamation or declaration of emergency, the amount of rent last charged for the space. (Pen. Code, § 396, subd. (j)(11).)
- 21) Contains legislative findings that during a state of emergency or local emergency, including, resulting from natural or manmade disasters, some merchants have taken unfair advantage of consumers by greatly increasing prices for essential consumer goods and services. While the pricing of consumer goods and services is generally best left to the marketplace under ordinary conditions, when a declared state of emergency or local emergency results in abnormal disruptions of the market, the public interest requires that excessive and unjustified increases in the prices of essential consumer goods and services be prohibited. (Pen. Code, § 396, subd. (a).)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

- 1) **Sponsor:** Los Angeles City Attorney
- 2) **Author's Statement:** According to the author, “In January of 2025, Pacific Palisades and Altadena experienced fires that killed 31 people and destroyed thousands of homes. To this day, tens of thousands of displaced residents are still living in temporary housing as they navigate the re-build process.

“Existing California law provides people who are affected by a state of emergency protections against price gouging. Rental housing prices are not permitted to increase more

than 10 percent above the prices charged immediately prior to the emergency. However, some have attempted to circumvent these protections through longer lease lengths or with rents charged at daily rates.

“Additionally, the fires have highlighted a lack of robust enforcement of existing protections against anti-competitive business practices under the Cartwright Act. There is already evidence of these practices impacting fire survivors in the Los Angeles region. Approximately 40% of fire impacted lots and about two out of every five lots that sell in the Pacific Palisades, Altadena, and Malibu areas have been purchased by real estate developers. Homeowners have reported that investors are making low-ball offers that some desperate fire victims feel forced to accept.

“SB 1365 improves enforcement of anti-competitive business practice restrictions to protect vulnerable disaster victims. This bill enhances existing rent gouging protections by closing lease length and day rate loopholes and provides authority to City Attorneys of large cities to enforce the Cartwright Act to protect consumers and prohibit anti-competitive business practices.”

- 3) **Effect of the Bill:** Price gouging generally refers to those selling retail goods or services significantly increasing prices after a natural disaster or other state of emergency. California’s price gouging statute prohibits selling or offering to sell certain goods or services for a price more than 10 percent greater than the price charged immediately prior to a declared state of emergency. (Pen. Code, § 396, subd. (b).) This prohibition applies when the President of the United States or the Governor proclaims a state of emergency, or when the executive officer of a county or city declares a local emergency. (*Ibid.*) Currently, price gouging is prohibited for 30 or 180 days after an emergency is declared, depending on the goods or services at issue, but an extension of the price gouging protections can be declared by executive order. (Pen. Code, § 396, subds. (b)-(e).) A violation of the prohibition is punishable as a misdemeanor by up to one year in county jail or a fine of \$10,000, or by both. (Pen. Code, § 396, subd. (h).) Price gouging is also an unlawful business practice that can be civilly enforced by specified public prosecutors or through a private right of action. (Bus. & Prof. Code, § 16750 et seq.)

The price gouging protections also apply to rental housing, expressly prohibiting landlords from raising rent by more than 10 percent for both current tenants or new renters in the 30-day period after the emergency is declared, which may be extended by subsequent emergency orders. (Pen. Code, § 396, subd. (e).) Under SB 1365, however, a landlord may raise the rent by more than 10 percent if the increase was agreed upon by the landlord and tenant prior to the declaration of emergency, or if they can prove that the increase is directly attributable to higher costs for significant repairs or improvements beyond routine maintenance that accrued over the rental term.

According to the author, during recent attempts by the Los Angeles City Attorney to enforce price gouging protections in that city, landlords have allegedly used this latter exemption as a loophole by beginning a retrofit of a rental unit and hiking up rental prices beyond the 10 percent cap. Accordingly, this bill modifies the maintenance exemption, providing instead that a landlord may increase the rent when the increase is tied to higher costs for repairs or additions beyond routine maintenance incurred in the year prior to the emergency declaration, but only when one of the following conditions is met—either the housing was

rented or offered for rent at the time the costs were incurred or the landlord can prove that within a year before the emergency declaration, the landlord intended to offer the housing for rent within six months of the repair or addition.

Existing law includes an extensive and fact-specific definition of “rental price” that applies the 10 percent cap differently depending on whether the unit had been rented within one year prior to the emergency declaration. (Pen. Code, § 396, subd. (g)(11).) For new rentals, “rental price” is defined as 160 percent of the fair market rent established by the U.S. Department of Housing and Urban Development (HUD), which may be augmented by five percent if the unit is offered fully furnished. (*Ibid.*) The “rental price” provision also specifies that units offered or charged at a daily rate are subject to the same rules as other units rented or offered for rent within one year prior to the emergency declaration if they continue to be offered at a daily rate post-declaration. (*Ibid.*) Daily rate housing that is offered or charged pursuant to a periodic lease agreement after the emergency declaration, however, is subject to the same rules as new rentals. (*Ibid.*) This bill specifies that housing that is offered or charged at a daily rate after the emergency declaration but was not offered or charged at such a rate prior to the emergency is subject to a rental price that is one-thirtieth of the price that could be charged or offered for a new rental, i.e., 1/30 of 160 percent of the fair market value determined by HUD.

The definition of “housing” for the purposes of section 396 includes “any rental housing with an initial lease term of no longer than one year, including, but not limited to, a space rented in a mobilehome park or a campground.” (Pen. Code, § 396, subd. (g)(10).) The clause limiting the definition to units with an initial lease term of no longer than one year, however, was suspended by the Governor’s Executive Order N-17-25 (EO N-17-25).<sup>1</sup>

- 4) **Governor’s EO N-17-25:** After the January 2025 Palisades and Eaton fires in Los Angeles County, many homeowners had their properties significantly damaged or completely destroyed. Residents within the affected areas reported being solicited almost immediately after the fires to sell their properties, particularly in Altadena.<sup>2</sup> In addition to disaster vultures attempting to buy devalued properties, many landlords boosted rental prices in an effort to turn a profit on the destruction.<sup>3</sup> Indeed, a new report suggests that despite the activation of price gouging protections and threats by officials to crack down on bad actors, the vast majority of price gouging behavior went unpunished.<sup>4</sup>

Another housing challenge in the wake of the fires was the decision by many landlords to hold rental housing vacant instead of list it for rent in an attempt to avoid rental prices capped well below market value by California’s price gouging statute. According to one Los Angeles-based property management service owner, posting to his social media account,

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<sup>1</sup> Governor Gavin Newsom, Executive Order N-17-25. Issued 4 February 2025. <<https://www.gov.ca.gov/wp-content/uploads/2025/02/EO-N-17-25.pdf>> [as of June 16, 2026].

<sup>2</sup> *Fire Ravaged Altadena Attracting Real Estate Vultures Eyeing Deals* (Jan. 15, 2025) O.C. Register <<https://www.ocregister.com/2025/01/15/fire-ravaged-altadena-attracts-real-estate-vultures-eyeing-deals/>> [as of June 16, 2026].

<sup>3</sup> Briggs, et al. *Rent Gouging After the LA Wildfires: How Landlord Crime Went Unpunished* (Jan. 2026) The Rent Brigade <[https://static1.squarespace.com/static/67931cfff4d613f32d7b66deb/t/6976fdf8bdbdde08d2e4baaa/1769405944837/TRB-Year\\_in\\_Review\\_Report\\_012526-final.pdf](https://static1.squarespace.com/static/67931cfff4d613f32d7b66deb/t/6976fdf8bdbdde08d2e4baaa/1769405944837/TRB-Year_in_Review_Report_012526-final.pdf)> [as of June 16, 2026].

<sup>4</sup> *Ibid.*

“LA-area leasing agents & property managers: The correct response, if an owner asks you to price a vacancy in a way that violates the anti-gouging law, is ‘no.’ You follow the law regarding pricing. And if that would mean taking a price that doesn’t make sense, you hold the unit vacant (which is, of course, also legal).”<sup>5</sup>

In response to this and other housing issues related to the Palisades and Eaton fires, Governor Newsom issued EO N-17-25 on February 4, 2025, which, among others, included the following finding:

Whereas protections against price gouging for rental housing safeguard against unjustified and opportunistic price surges in times of emergency, and for housing that has no pre-emergency baseline price because it was not recently rented California’s price gouging law caps rental prices based on federal estimates of “fair market rent,” but a careful balance is necessary to ensure these provisions accurately reflect the reasonable costs of housing in Los Angeles County and do not discourage available housing from coming on the market.<sup>6</sup>

Accordingly, EO N-17-25 suspended certain provisions of the price gouging law capping rental prices to the extent that they applied to single family homes of four bedrooms or more within certain zip codes. The EO also suspended a component of the price gouging law’s definition of “housing” that limited the application of the price gouging statute to rental housing “with an initial lease term of one year.” The EO suspended that limitation by applying the definition to any rental housing, regardless of the initial lease term. SB 1365, among other things, seeks to codify this latter definitional provision in the price gouging statute and address other potential loopholes revealed in the aftermath of the Palisades and Eaton fires. In 2026, fires have already started taking hold in some parts of Southern California.<sup>7</sup>

- 5) **Argument in Support:** According to the *California Federation of Labor Unions (AFL-CIO)*, “As highlighted by the devastating 2025 Los Angeles fires, existing price gouging protections have proven insufficient to prevent bad actors from taking advantage of vulnerable renters. Tens of thousands of displaced residents were forced into an already strained housing market, only to encounter exploitative rent increases.

“SB 1365 closes three critical loopholes that have weakened enforcement of existing price gouging laws by ensuring protections apply to all rental agreements regardless of length, adding daily rates to long-term rental price protections, and expanding enforcement authority under the Cartwright Act to city attorneys in large jurisdictions.

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<sup>5</sup> Schrupp, *Newsom’s office clarifies anti-price-gouging rules after AG’s divergent warning* (Jan. 22, 2025) The Center Square <[https://www.thecentersquare.com/california/article\\_644c993c-d909-11ef-a4c7-abc5f669a26.html](https://www.thecentersquare.com/california/article_644c993c-d909-11ef-a4c7-abc5f669a26.html)> [as of June 16, 2026].

<sup>6</sup> Governor Gavin Newsom, Executive Order N-17-25. Issued 4 February 2025. <<https://www.gov.ca.gov/wp-content/uploads/2025/02/EO-N-17-25.pdf>> [as of June 16, 2026].

<sup>7</sup> Lloyd, *Map: Where wildfires are burning in Southern California* (May 21, 2026) NBC News 4 Los Angeles <<https://www.nbclosangeles.com/news/california-wildfires/map-california-fires-sandy-bain-verona-may-2026/3892712/>> [as of June 22, 2026].

“These reforms are both practical and necessary. In times of crisis, displaced families should not be forced to compete in a predatory marketplace where legal protections are easily circumvented. Housing is a necessity for working families. SB 1365 will help restore fairness to the rental market, deter unlawful profiteering, and provide local officials with the tools needed to enforce the law effectively to ensure working families are able to maintain a roof over their heads at a fair price.”

- 6) **Argument in Opposition:** According to the *California Association of Realtors*, “**SB 1365 Unnecessary Expands California’s Antitrust law** – It would significantly expand antitrust enforcement authority by allowing city attorneys in some cities to bring claims under California’s antitrust laws. While we support strong and effective enforcement of antitrust laws, this proposal creates substantial risks without demonstrating a clear need for change. It would fragment California’s antitrust enforcement framework, increase litigation risk, and undermine the consistent application of complex laws—without addressing a demonstrated need.

“**SB 1365 undermines uniform statewide enforcement** - Antitrust law is highly complex and requires consistent application across jurisdictions. Current law appropriately vests enforcement authority with the Attorney General and local district attorneys, ensuring a coordinated and uniform approach. Expanding authority to city attorneys risks creating a patchwork of enforcement standards, with differing interpretations and inconsistent outcomes across cities.

“**SB 1365 creates duplicative and potentially conflicting litigation** - Allowing multiple layers of government to bring antitrust claims over the same conduct invites overlapping lawsuits. A single issue could be pursued simultaneously by the Attorney General, a district attorney, and one or more city attorneys. This duplication increases costs, burdens the courts, and raises the potential for conflicting rulings or settlements.

“**SB 1365 provides no demonstrated gap in current law** - The bill does not identify a failure in existing enforcement by the Attorney General or district attorneys. Without evidence of any deficiency, expanding authority adds complexity without clear benefit.

“**SB 1365 dilutes expertise in a highly specialized area of law** - Antitrust enforcement requires significant legal and economic expertise. The Attorney General’s office is specifically equipped with the resources and experience necessary to handle these cases. Expanding authority to additional jurisdictions risks inconsistent application...

“**SB 1365 expands beyond the intent of existing law** - Penal Code Section 396 was designed to prevent sudden and opportunistic rent increases based on prices immediately following an emergency. SB 1365 instead applies these restrictions to all rental housing, including long-term leases that were negotiated well in advance of any emergency. This represents a fundamental shift from targeting bad actors to broadly regulating lawful pricing decisions.

“**SB 1365 interferes with freely negotiated contracts** - Longer-term leases often reflect carefully negotiated terms, including agreed-upon rent schedules and risk allocation over time. By applying emergency price caps without regard to lease duration, SB 1365

effectively rewrites these agreements after the fact. This undermines contractual certainty and raises serious concerns about fairness and predictability in California's housing market.

**“SB 1365 creates unnecessary overlap with existing laws** - California already has extensive renter protections, including statewide rent caps under AB 1482, local rent control ordinances, and existing emergency price gouging restrictions. Expanding Penal Code Section 396 adds another layer of regulation without addressing a clearly defined gap, increasing compliance complexity and the risk of inadvertent violations under a criminal statute.”

**7) Related Legislation:**

- a) SB 493 (Becker), would include “war,” as defined, to the covered disasters in the price gouging statute. SB 493 is schedule for hearing today in this committee.
- b) AB 1847 (Harabedian), would extend the period of mortgage forbearance to 36 months and extends the latest possible deadline for a borrower's request for forbearance to January 7, 2029 for borrowers requesting forbearance on their residential mortgage loan for a period of 12 months if, among other things, the borrower affirms that they are experiencing financial hardship that prevents them from making timely payments on the loan due directly to the wildfire disaster described in the specified state of emergency. AB 1847 is pending hearing in the Senate Banking and Financial Institutions Committee.

**8) Prior Legislation:**

- a) SB 610 (Perez), Chapter 547, Statutes of 2025, specified there is no requirement for landlords to rebuild a residential real property or any portion thereof that has sustained damage as a result of a disaster, and that, unless lawfully terminated by either party, the tenancy remains in effect and the tenant has the right to return to the rental unit, at the same rental rate in effect immediately prior to the disaster.
- b) SB 368 (Smallwood-Cuevas), of the 2025-26 Legislative Session, would have required the California Department of Justice and local district attorneys' to establish partnerships to enforce price gouging prohibitions. SB 368 was held in suspense in the Senate Appropriations Committee.
- c) SB 36 (Umberg), of the 2025-26 Legislative Session, would have required a housing listing platform, during the period of 30 days following a proclamation of a state emergency or a declaration of a local emergency to, among other things, remove a listing when notified law enforcement that the price for a listing made available on the platform violates the price gouging provisions. SB 36 was vetoed by the Governor.
- d) AB 380 (Mark Gonzalez), of the 2025-26 Legislative Session, would have expanded the definition of “housing” to include any rental housing without regard to the length of the initial lease term and would have made the prohibitions on increasing the rental price by more than 10% and eviction generally applicable to commercial real property. AB 380 was held in suspense in the Senate Appropriations Committee.

- e) SB 1133 (Archuleta), of the 2021-22 Legislative Session, would have, among other things, excluded from those price gouging prohibitions newly constructed housing that was issued a certificate of occupancy for residential use within the 3 months preceding, or within the duration of, a proclamation of a state of emergency or declaration of local emergency. SB 1133 was held in suspense in the Assembly Appropriations Committee.
- f) SB 1196 (Umberg), Chapter 339, Statutes of 2020, made it a crime for a person, contractor, business, or other entity who did not charge a price for the goods or services immediately prior to the proclamation or declaration of emergency to charge a price that is more than 50% greater than the seller's existing costs.
- g) AB 1919 (Wood), Chapter 631, Statutes of 2018, upon an emergency proclamation or declaration, made it a misdemeanor for a person, business, or other entity to increase the rental price advertised, offered, or charged for housing to an existing or prospective tenant by more than 10%.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Federation of Labor Unions, Afl-cio  
Consumer Watchdog  
Los Angeles City Attorney's Office

### **Opposition**

Apartment Association of Greater Los Angeles  
Apartment Association of Orange County  
Berkeley Property Owner's Association  
California Apartment Association  
California Association of Realtors  
California Association of Realtors  
California Business Properties Association  
California Chamber of Commerce  
California Rental Housing Association  
California Taxpayers Association (CALTAX)  
East Bay Rental Housing Association  
Nor Cal Rental Property Association  
North Valley Property Owners Association  
North Valley Rental Property Association  
Santa Barbara Rental Property Association  
Small Property Owners of San Francisco Institute  
Southern California Rental Housing Association  
Western Manufactured Housing Communities Association