

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 36 (Umberg) – As Amended July 17, 2025

Policy Committee:	Judiciary	Vote:	9 - 3
	Public Safety		7 - 2

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill expands the geographic location in which criminal prohibitions on price gouging after an emergency apply, expands civil penalties for price gouging for specified displaced people, and imposes requirements related to price gouging on online housing listing platforms.

Specifically, among other provisions, this bill:

- 1) Modifies the crime of price gouging during a state of emergency, including by expanding the restrictions on hotel and motel price increases, rental price increases, and evictions of tenants of residential housing to all counties in the proclamation or declaration of emergency and all counties within a 25-mile radius of the counties in the declared emergency.
- 2) Establishes that a court may issue a search warrant when the property or things to be seized consist of evidence that tends to show that a price gouging violation, as provided, has occurred or is occurring.
- 3) Authorizes an additional civil penalty for a violation of the Unfair Competition Law (UCL) if the violation is perpetrated against a person who was displaced due to a state of emergency or local emergency at the time of the violation.
- 4) Makes a violation of specified criminal prohibitions against price gouging enforceable as a violation of the Consumer Legal Remedies Act (CLRA).
- 5) Authorizes a court to impose higher civil penalties or fines in a case brought under the UCL, CLRA, or other unfair practices statute if the prevailing plaintiff was displaced due to a state of emergency or local emergency at the time of the violation.
- 6) Imposes requirements on housing listing platforms to, among other things, remove listings that violate price gouging statutes when notified by law enforcement, establish and maintain price gouging policies that apply to housing providers and consumers, and provide mechanisms through which a consumer or law enforcement agency may submit information about price gouging violations to the platform.

FISCAL EFFECT:

- 1) Costs (General Fund, UCL Fund) to the Department of Justice (DOJ) to investigate and prosecute violations. DOJ anticipates costs of approximately \$1.1 million in fiscal year

2025-26 and \$1.8 million annually ongoing for nine additional staff positions: attorneys, special investigators, program analysts, and legal secretaries in its Public Rights Division and Special Prosecutions Section.

- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate criminal charges and civil actions resulting from this bill. A defendant charged with a misdemeanor or felony is entitled to a jury trial and, if the defendant is indigent, legal representation provided by the government. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.
- 3) Costs (local funds, General Fund) to the counties to incarcerate people convicted of price gouging. Actual incarceration costs will depend on the number of convictions and the length of each sentence. The average annual cost to incarcerate one person in county jail is approximately \$29,000, though costs are higher in larger counties. County incarceration costs are not subject to reimbursement by the state. However, overcrowding in county jails creates cost pressure on the General Fund because the state has historically granted new funding to counties to offset overcrowding resulting from public safety realignment.

COMMENTS:

- 1) **Background.** Price gouging occurs when a person selling retail goods or services increases prices significantly after a natural disaster or other state of emergency. Existing law prohibits a selling or offering to sell certain goods or services for a price more than 10% greater than the price charged immediately prior to a declared state of emergency. Price gouging is prohibited for 30 or 180 days after an emergency is declared, depending on the goods or services at issue. 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 both jail and a fine. Price gouging is also an unlawful business practice that may be civilly enforced by specified public prosecutors or through a private right of action.

Public prosecutors have actively enforced existing price gouging laws following the fires in Los Angeles County in January 2025. DOJ reported issuing more than 700 warning letters to hotels and landlords alleged to have violated the price gouging statute after the fires, and DOJ and local prosecutors conducted investigations and filed related enforcement actions in the months thereafter. Additionally, in July, the Los Angeles city attorney filed a lawsuit against Airbnb, alleging the platform allowed price gouging in more than 2,000 properties listed on the platform after the fires.

- 2) **Related Legislation.** AB 380 (M. Gonzalez) extends the time duration in which criminal price gouging protections apply and makes commercial real property subject to criminal price gouging prohibitions. AB 380 is pending in the Senate Appropriations Committee.

Analysis Prepared by: Annika Carlson / APPR. / (916) 319-2081