

SENATE THIRD READING  
SB 36 (Umberg and Smallwood-Cuevas)  
As Amended August 29, 2025  
Majority vote

## **SUMMARY**

Strengthens consumer protections against price gouging during states of emergency by enhancing civil remedies under the Unfair Competition Law and Consumer Legal Remedies Act, extending protections to displaced persons, imposing obligations on housing listing platforms, and expanding investigatory tools for enforcement.

### **Major Provisions**

- 1) Provides that, in addition to any liability for a civil penalty imposed for violating the Unfair Competition Law (UCL), a person is liable for a civil penalty of up to \$2,500 if they committed the act of unfair competition against someone displaced due to a state of emergency or local emergency at the time the violation occurred.
- 2) Establishes that is unlawful under the Consumer Legal Remedies Act (CLRA) to engage in price gouging, as provided, thereby granting affected consumers a private right of action.
- 3) Enables persons displaced due to a state of emergency or a local emergency to collect enhanced penalties when redressing unfair or deceptive acts or practices or unfair methods of competition.
- 4) Defines and prohibits "price gouging" and reworks the provisions governing extensions of the relevant periods in which the section is in effect.
- 5) Places a series of obligations on housing listing platforms, as provided, including requiring specified policies and reporting mechanisms to be established.
- 6) Requires the policies and mechanism required of platforms to be publicly posted and readily accessible to users.
- 7) Defines a "housing listing platform" as an internet website, application, or other similar centralized platform that acts as an intermediary between a consumer and another person which allows another person to list the availability of housing, lodging, or units for sale or for rent to a consumer.
- 8) Establishes that until January 1, 2031, a search warrant may be issued, only upon application by the Department of Justice, 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.
- 9) Provides that the Department of Justice must prepare and submit a report to the Legislature on or before January 1, 2030, detailing the number of search warrants issued pursuant to 8); and the number of price gouging violations, as provided, among other things.

## COMMENTS

When wildfires and other natural disasters displace Californians from their homes, many face not only the trauma of evacuation and loss, but potential exploitation in the rental housing market. Despite California's longstanding ban on price gouging during declared emergencies (Penal Code Section 396), landlords and short-term rental operators across Los Angeles County repeatedly and flagrantly violated this law in the aftermath of the January 2025 wildfires, targeting evacuees with predatory rent hikes that far exceed legal limits.

Following the devastating Palisades and Eaton fires, public reports and investigations revealed hundreds of rental listings—especially on platforms like Zillow and Craigslist—advertising homes at inflated prices up to 124% above pre-emergency rates, often within hours of evacuation orders being issued. Even after the Governor's emergency proclamation activated price gouging protections under Penal Code Section 396, enforcement has been sporadic and largely reactive. According to supporters, despite clear documentation of violations, only a handful of cases have resulted in investigations, in part because of the lack of proactive enforcement tools and the difficulty of gathering admissible evidence. Meanwhile, renters without insurance—many from working-class or immigrant neighborhoods—have been left with few alternatives and little recourse.

*Existing law.* California law prohibits a variety of unfair and deceptive practices in consumer transactions, including price gouging during declared emergencies. Penal Code Section 396 makes it a misdemeanor to raise the price of essential goods and services—including housing, gasoline, emergency supplies, hotel accommodations, and reconstruction services—by more than 10 percent following the proclamation of a state or local emergency, unless the price increase is justified by additional costs. These protections generally apply for 30 days (or longer for certain services), and may be extended by state or local authorities. Violations are enforceable both criminally and civilly and are considered an "unlawful business practice" under Business and Professions Code Section 17200, which permits enforcement by public prosecutors and, in limited circumstances, private plaintiffs seeking restitution or injunctive relief.

Separately, the Consumers Legal Remedies Act (CLRA) prohibits enumerated unfair or deceptive acts in transactions involving the sale or lease of goods or services to consumers. Under Civil Code Section 1780, a consumer may bring a private action for damages, restitution, injunctive relief, and, in certain cases, punitive damages. However, prior to this bill, violations of California's anti-price gouging law were not explicitly included in the list of deceptive practices under the CLRA. Similarly, Civil Code Section 3345 authorizes a trier of fact to enhance penalties in actions brought for the benefit of senior citizens, disabled persons, and veterans—but not individuals displaced by an emergency—even when those individuals are uniquely vulnerable to economic exploitation.

*This bill* strengthens California's emergency consumer protection laws by creating a comprehensive civil enforcement framework for price gouging and imposes certain obligations on housing listing platforms, among other things.

First, the bill amends Civil Code Section 1770 to add a new subdivision (a)(30), which designates a violation of Penal Code Section 396—including illegal rental price increases or evictions followed by gouging—as an unlawful act under the CLRA. This change grants

displaced tenants and other affected consumers a private right of action with access to CLRA remedies, including compensatory and punitive damages, attorney's fees, and injunctive relief.

Second, the bill amends Civil Code Section 3345 to expand enhanced penalty protections for unfair or deceptive acts to include "persons displaced due to a state of emergency or local emergency at the time the violation occurred." As a result, if a displaced person brings or benefits from an action to redress price gouging or unfair practices—whether under the CLRA, UCL, or another statute—a court may consider their vulnerability and increase any discretionary civil penalty, fine, or deterrent remedy by up to three times the statutory amount. This amendment recognizes that displaced persons, like seniors or disabled individuals, are especially susceptible to predatory conduct in the aftermath of a disaster, particularly with respect to emergency housing, goods, and services.

Third, the bill adds new Business and Professions Code Section 17206.3 to authorize enhanced civil penalties in actions brought by public prosecutors under the UCL for price gouging violations targeting displaced persons. Specifically, if a person violates the UCL and the conduct is directed at or harms a person displaced by an emergency, the court may impose a penalty of up to \$2,500 per violation, in addition to the standard penalties under Section 17206.

Together, these amendments to existing law reinforce the state's price gouging protections by ensuring individual consumers have a private right of action for price-gouging under the CLRA, providing trebled penalties where vulnerable displaced persons suffer economic harm, and authorizing enhanced civil penalties under the UCL when public enforcement actions target emergency-related exploitation.

Fourth, the bill imposes affirmative duties on online housing listing platforms during the initial 30 days following an emergency declaration. Specifically, platforms must:

- 1) Remove listings flagged by law enforcement as violating Penal Code Section 396;
- 2) Maintain and publicly post policies informing housing providers and consumers of the law's requirements and consequences;
- 3) Provide tools for users to report suspected violations and for law enforcement to submit requests and legal process;
- 4) Maintain internal records and procedures to comply with these duties.

These provisions ensure that digital intermediaries—many of whom have played a central role in the post-disaster rental marketplace—cannot ignore illegal conduct facilitated by their platforms.

Finally, the bill amends Penal Code Section 396 and 1524. Penal Code Section 1524 adds a new subdivision (a)(23), expressly authorizing the issuance of search warrants where there is probable cause to believe that evidence of a price gouging violation. The bill also makes key changes to Section 396, the existing price gouging law. Specifically, the bill expressly defines "price gouging" as the unlawful conduct of charging higher or greater prices, as specified.

## **According to the Author**

In times of crisis, Californians should be able to focus on recovery and rebuilding, not on predatory financial exploitation. Unfortunately, recent disasters—such as the devastating January 2025 firestorms—have shown that gaps in our current laws allow opportunists to take advantage of vulnerable, displaced residents.

SB 36 closes these loopholes and strengthens protections against rental price gouging during declared emergencies. Under existing law, price gouging protections apply broadly to goods and services but do not explicitly cover rental housing. As we saw in the aftermath of the Southern California fires, bad actors took advantage of this oversight by listing properties in neighboring counties that were not subject to the emergency declaration, evading accountability while still targeting displaced residents.

SB 36 ensures that disaster victims are not further victimized by financial exploitation. SB 36 brings accountability to online housing platforms by requiring them to monitor and report instances of price gouging and enforce fair pricing policies.

California has long led the way in protecting consumers, and SB 36 builds on that commitment by closing critical gaps in our price gouging laws. When disaster strikes, Californians deserve stability, fairness, and the assurance that the law will hold those who seek to profit from tragedy accountable. I urge my colleagues to support SB 36 to protect our most vulnerable residents when they need it most.

## **Arguments in Support**

The Consumer Attorneys of California explain their support of this measure:

The recent fires in Southern California have underscored a serious problem—unscrupulous actors exploiting vulnerable residents by drastically inflating the cost of housing and lodging. Victims already displaced by disasters are being further harmed by price gouging that often amounts to thousands of dollars above standard rental rates.

SB 36 addresses this urgent issue by improving enforcement tools and expanding consumer protections. Specifically, the bill:

- 1) Increases civil penalties for those who take advantage of displaced victims;
- 2) Allows victims to bring their own legal actions and seek additional damages;
- 3) Requires online housing platforms to alert law enforcement, adopt user policies, and offer reporting mechanisms for price gouging violations;
- 4) Grants public prosecutors warrant authority to investigate housing-related price gouging;
- 5) Expands price gouging protections to include counties within a 50-mile radius of the affected area.

These measures represent a comprehensive and necessary response to ensure that Californians are not exploited during their most vulnerable moments. SB 36 will empower both law enforcement and individual consumers to hold bad actors accountable, while setting a higher standard of corporate responsibility during emergencies.

### Arguments in Opposition

The California Public Defenders Association (CPDA), opposes this measure unless it is amended to delete the provision that expands the liability to obtain a search warrant for a misdemeanor crime. CPDA explains its opposition to this specific provision:

Essentially, this bill deals with price gouging during a state of emergency. Under existing law price gouging may be punished with a civil fine or, pursuant to Penal Code section 396, a misdemeanor.

The portion of the bill we object to is new subdivision (23) of Penal Code section 1524, which covers the issuance of search warrants. Subdivision 23 would be added to allow the issuance of a search warrant *"When the property or things to be seized consists of evidence that tends to show that a price gouging violation, as specified in subdivision (d), (e), or (f) of Section 396, has occurred or is occurring."*

As of 1991, Penal Code section 1524 was a relatively focused section authorizing the issuance of search warrant in only 5 instances. Those five instances, however, were very broad, covering all stolen or embezzled property, all felonies, child pornography, as well as a provision broadly allowing warrants to issue for evidence of property that is the means of committing a "public offense."

Penal Code section 1524 has wildly expanded and now has 21 subdivisions describing when search warrants may issue. This bill adds yet one more. This continued expansion is concerning.

The current bill may prove to be unnecessary. Although price gouging is a misdemeanor, it may well be that a bad actor does not limit this type of theft to misdemeanor values, but instead ventures into felony grand theft territory. Under current law, a search warrant may issue for evidence relating to a felony.

The California Business Roundtable opposes this measure, arguing that is an overreach that will create unintended consequences for legitimate businesses and will have a chilling effect on business in the state:

California already maintains some of the most stringent price gouging statutes in the country with clear caps and enforcement tools that cover a wide range of goods and services. SB 36 would fundamentally alter the legal landscape by layering new civil liabilities, expanding private rights of action and trebling penalties. In addition, the bill's expansion of price gouging restrictions to all counties adjacent to a county with a declared state of emergency and those within a 50-mile radius creates significant uncertainty for businesses. Commercial property owners, brokers, and management firms may be subjected to rapidly shifting legal obligations based on events occurring far away despite having no direct nexus to the emergency itself. This introduces substantial risk for commercial leasing transactions and long-term property planning, especially for owners who may need to make lawful rent adjustments based on market conditions, cost escalations, or operational necessity.

The addition of private rights of action is also concerning as it will create an opportunity for opportunistic litigation. The ability for private parties to seek compensatory and punitive damages, attorneys' fees, and injunctive relief without clear standards for intent or bad faith

will increase litigation costs, foster uncertainty, and discourage much-needed investment in California.

While the bill's goal to protect vulnerable residents is laudable, SB 36's sweeping expansion of liability, geographic scope, and private enforcement will have broad and harmful implications across the commercial property sector and California's business climate more broadly.

## FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) Costs (General Fund, UCL Fund) to the Department of Justice (DOJ) to investigate and prosecute violations of price gouging and complete the required report about search warrants, possibly in the low millions of dollars annually depending on the level of additional staffing needed.
- 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.

## VOTES

### SENATE FLOOR: 29-7-4

**YES:** Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

**NO:** Alvarado-Gil, Choi, Dahle, Grove, Niello, Seyarto, Strickland

**ABS, ABST OR NV:** Jones, Ochoa Bogh, Reyes, Valladares

### ASM JUDICIARY: 9-3-0

**YES:** Kalra, Garcia, Bryan, Connolly, Harabedian, Pacheco, Papan, Lee, Zbur

**NO:** Dixon, Tangipa, Sanchez

**ASM PUBLIC SAFETY: 7-2-0**

**YES:** Schultz, Mark González, Haney, Harabedian, Nguyen, Ramos, Sharp-Collins

**NO:** Alanis, Lackey

**ASM APPROPRIATIONS: 11-4-0**

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

**NO:** Sanchez, Dixon, Ta, Tangipa

**UPDATED**

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FN: 0001394