

Date of Hearing: June 30, 2026

Counsel: Dustin Weber

ASSEMBLY COMMITTEE ON PUBLIC SAFETY

Nick Schultz, Chair

SB 493 (Becker) – As Amended June 18, 2026

SUMMARY: Includes “war,” as defined, to the covered disasters in the price gouging statute. Specifically, **this bill:**

- 1) Includes “war” in the statutory definition of “state of emergency.”
- 2) Includes “war” in the statutory definition of “local emergency.”
- 3) Defines “war” as any of the following:
 - a) A time during which Congress has declared war and peace has not been formally restored.
 - b) A time during which the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared.
 - c) A time during which the United States is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security.

EXISTING LAW:

- 1) 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.)
- 2) 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).)
- 3) 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).)
- 4) 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).)

- 5) 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).)
- 6) Defines “state of emergency” as a natural or manmade emergency resulting from an earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster for which a state of emergency has been declared by the President of the United States or the Governor. (Pen. Code, § 396, subd. (j)(1).)
- 7) Defines “local emergency” as a natural or manmade emergency resulting from an earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster for which a local emergency has been declared by an official, board, or other governing body vested with authority to make that declaration in any county, city, or city and county in California. (Pen. Code, § 396, subd. (j)(2).)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Sponsor:** Author-sponsored
- 2) **Author's Statement:** According to the author, “Californians deserve protection from price gouging,” said Senator Becker. “Global conflicts have immediate consequences for California consumers, especially at the gas pump. The Wartime Price Gouging Prevention Act ensures that we have the tools necessary to intervene in an emergency to protect families from opportunistic price increases when international events disrupt markets.
- 3) **Effect of the Bill:** In an effort to update consumer price protections, SB 493 would include the term “war” in the definition of “state of emergency” and “local emergency” in California’s price gouging statute. This bill would define war as 1) a time during which the U.S. Congress has declared war and peace has not been formally restored, 2) a time during which the U.S. is engaged in active military operations against any foreign power, whether or not war has been formally declared, or 3) a time during which the U.S. is assisting the United Nations in actions involving the use of armed force, or to maintain or restore international peace and security.

The definition of war included in SB 493 is a bit broad. It is important to remember that the breadth, however, takes place within the context of a proclamation or declaration of a state of emergency. What makes the potential breadth problematic is the combination of California consistently having active state of emergency declarations and the US military almost always being involved in active military operations. As of June 20, 2026, California has nearly 60 open states of emergency proclamations dating back to January 2023.¹

¹ *Open State of Emergency Proclamations*, California Office of Emergency Services
<<https://www.caloes.ca.gov/office-of-the-director/policy-administration/legal-affairs/emergency-proclamations/>>
[as of June 25, 2026].

a) *A time during which Congress has declared war and peace has not been formally restored*

Various questions arise from SB 493's definition of war and how this definition might be applied in the context of California's price gouging protections. The first qualifying definition of war—a time during which Congress has declared war and peace has not been formally restored—means that a qualifying war would have to include showing both that the U.S. Congress declared war and showing that peace has not been formally restored.

Use of the U.S. military generally requires a source of authority, like a congressional resolution, to send our armed forces into conflict, though arguably the President has constitutional authority to do so independent of Congress under Article II of the U.S. Constitution's Commander in Chief power.² A declaration of war by Congress is a formal mechanism authorized exclusively to the federal legislature by the U.S. Constitution. (U.S. Const., art. I, § 8, cl. 11.) Since World War II, Congress's power to declare war has been exercised via joint resolution that the President must sign to become law.³ Congress has not formally declared war since its last declaration of war during World War II.⁴ Other mechanisms have been used to permit U.S. military involvement in global affairs, like authorizations for use of force (AUMFs). In addition to the 11 formal declarations of war issued by Congress, the legislature has also issued approximately 50 AUMFs since the Washington administration.⁵ AUMFs can be broader in scope compared to declarations of war. For example, AUMFs may authorize force against a region of countries, rather than a single country.⁶

Under SB 493's first definition, if Congress doesn't formally declare war, then the price gouging statute is not activated. Likewise, the statute does not apply if Congress declares war, but peace has not been formally restored. One concern with this definition is that it is not clear what it means to say, "peace has not been formally restored." Because joint resolutions have the same effect as law, one reasonable interpretation of this phrase is that a formal restoration of peace means legislation has been signed into law that terminates the war declaration. A formal declaration of war and one terminating war, however, have not been passed in nearly 80 years.⁷ Moreover, neither the term "peace" nor the phrase "peace has not been formally restored" appear to be defined in California statute. Our Ninth Circuit Court of Appeals, in a case that in part reviewed a jury instruction that defined the term "at peace" for purposes of the federal Neutrality Act, found the district court did not plainly err instructing that at peace "means any time when the United States and another foreign country are not at war with one another or engaged in open and notorious military conflict with one another," adding that "[m]ilitary conflict is open and notorious if it would have been known to an

² Elsea, *Defense Primer: Legal Authorities for the Use of Military Forces* (Dec. 23, 2025) Congressional Research Service <<https://www.congress.gov/crs-product/IF10539>> [as of June 22, 2026].

³ *Power to Declare War*, United States House of Representatives <<https://history.house.gov/Institution/Origins-Development/War-Powers/>>; *Joint resolution of Congress*, Cornell Law School Legal Information Institute <https://www.law.cornell.edu/wex/joint_resolution_of_congress> [as of June 19, 2026].

⁴ *Ibid.*

⁵ *Supra*, at note 1.

⁶ *Ibid.*

⁷ *Supra*, at note 2.

ordinary person in the United States who keeps up with world events.” (*United States v. Chhun* (9th Cir. 2014) 744 F.3d 1110, 1119-1120.) The court additionally found that countries can be at peace under certain conditions like being “distant and tense, so long as there are no military operations between them.” (*Id.* at p. 1120.)

Formal declarations of war are not even the only constitutional mechanisms by which peace could be formally restored. Peace treaties are authorized by the U.S. Constitution. Those powers are shared by Congress and the President. (U.S. Const., art. II, § 2 [“the President shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur”].) Peace treaties historically are a common means of ending hostilities and, like laws passed by Congress, have the full force of law.⁸ It is also probably reasonable to interpret peace being formally restored as including peace treaties, but this interpretation arguably is not as immediately obvious as a formal termination of war by Congress.

The author may wish to clarify when, for the purposes of this statute, peace has been formally restored.

b) A time during which the U.S. is engaged in active military operations against any foreign power, whether or not war has been formally declared

The second definition of war in this bill—a time during which the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared—at first glance seems so broad as to swallow the first definition. It is difficult to imagine a situation where “Congress has declared war and peace has not been formally restored” that does not also involve being “engaged in active military operations against any foreign power.” On the one hand, a declaration of war by Congress could conceivably predate the beginning of any active military operation against a foreign power.⁹ On the other hand, historical evidence suggests that, as defined in this bill, the U.S. perhaps was “engaged in active military operations” in World War II prior to Pearl Harbor.¹⁰ This highlights the uncertainty that could be created by leaving undefined the phrase “engaged in active military operations against any foreign power.” Does the U.S. transferring, selling, or shipping weapons to an ally for use against a foreign adversary count as being engaged in active military operations?

Of particular concern with the vagueness of the second definition is that it is unclear what is meant both by “engaged in active military operations” and “any foreign power.” For example, would a foreign power apply to the Islamic State of Iraq and Syria (ISIS)?

Depending on the level of abstraction applied to these phrases, engaged in active military operations against any foreign power could apply to the 2026 U.S. operation in Venezuela,

⁸ *About Treaties*, United States Senate <<https://www.senate.gov/about/powers-procedures/treaties.htm>> [as of June 19, 2026].

⁹ See *S.J. Res. 116, Declaration of War on Japan, December 8, 1941, World War II: Declaring War on Japan*, United States Capitol Visitor Center <<https://www.visitthecapitol.gov/artifact/sj-res-116-declaration-war-japan-december-8-1941>> [as of June 19, 2026].

¹⁰ Roos, *How Was the US Involved in WWII Before Pearl Harbor?* (Mar. 12, 2026) History <<https://www.history.com/articles/united-states-neutral-wwii-lend-lease>> [as of June 19, 2026].

which that appears to have lasted mere hours with an active assault time of just 36 minutes,¹¹ and to U.S. military action in Afghanistan that lasted 20 years. Indeed, according to the Congressional Research Service (CRS), U.S. armed forces have been involved in military engagements overseas for 202 of its 225 years of existence between 1798-2023.¹² This CRS report additionally shows the use of U.S. armed forces abroad every year from 1980-2023.¹³ In other words, depending on how the phrases “active military operations” and “against any foreign power” are defined, SB 493 could have applied for most of the past 50 years. There is a possibility that if this bill is signed into law, combined with California’s open states of emergency, certain price gouging provisions could become the new norm in the law, rather than the exception.

c) *A time during which the U.S. is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security.*

There are similar concerns with the third definition of war under SB 493. This definition may heighten the possibility that SB 493’s provisions simply could exist in effect uninterrupted for decades.

The U.S.-United Nations relationship has waxed and waned over the past 80 years, but that relationship appears to be undergoing significant overhaul under the second Trump administration.¹⁴ In a January 2026 Executive Order, President Trump directed U.S. entities to disengage from dozens of UN and intergovernmental groups.¹⁵ While the White House’s Fiscal Year 2026 budget zeroed out U.S. contributions for peacekeeping, the U.S. remains involved in the United Nations Security Council and International Atomic Energy Association, which historically have been organizations in some ways involved with international conflicts.¹⁶

U.S. military involvement in global affairs has been a near constant reality since the birth of our constitutional republic. Inherent in the intent underlying prohibitions against price gouging during emergencies is that these crises are unusual and temporally limited. A definition of war as broad as SB 493’s risks unintended application of California’s price gouging protections.

- 4) **Argument in Support:** According to *The Climate Center*, “Under SB 493, a war emergency would include circumstances in which Congress has declared war, the United States is engaged in sustained active military operations against a foreign power, or the United States is participating in United Nations-authorized military actions. This will provide the State

¹¹ Cano, et al. *US plans to ‘run’ Venezuela and tap its oil reserves, Trump says, after operation to oust Maduro* (Jan. 3, 2026) Associated Press <<https://apnews.com/article/venezuela-us-explosions-caracas-ca712a67aaefc30b1831f5bf0b50665e>> [as of June 19, 2026].

¹² Plagakis and Torreon, *Instances of Use of United States Armed Forces Abroad, 1798-2023* (June 7, 2023) Congressional Research Service <<https://www.congress.gov/crs-product/R42738>> [as of June 22, 2026].

¹³ *Ibid.*

¹⁴ Lombardo, *Opting Out: United States to Stop Engaging with More UN Entities* (Jan. 15, 2026) Center for Strategic & International Studies <<https://www.csis.org/analysis/opting-out-united-states-stop-engaging-more-un-entities>> [as of June 22, 2026].

¹⁵ *Ibid.*

¹⁶ Lombardo, *What Is the U.S. Posture Toward the United Nations?* (Sep. 25, 2025) Center for Strategic & International Studies <<https://www.csis.org/analysis/what-us-posture-toward-united-nations>> [as of June 22, 2026].

with additional tools to protect Californians, should the conflict in Iran or any future conflict unlawfully raise the prices of goods and services.

“This expansion is critical to deter bad actors from taking advantage of military conflict to exploit consumers for excessive profits. Earlier this year, for example, the U.S. launched massive military strikes against Iran. That action escalated into sustained military operations and led to a blockade of the Strait of Hormuz, resulting in the largest supply disruption in the history of the global oil market. On the day that the conflict in Iran began, the average price of gas in California was \$4.64 per gallon. Since then, the average retail price has increased to \$5.99 per gallon—an increase of \$1.35 per gallon. Californians alone have already paid over \$200 per household, almost \$3 billion total, more for gas than they would have absent the conflict.

“Part of the price increase is due to oil and gas being priced on global markets. However, there is also a growing, unexplained price difference between branded and unbranded gasoline in California that does not exist elsewhere in the country. In California, the difference between branded and unbranded gasoline is \$0.31/gal. In the rest of the country, it is \$0.06/gal. At the same time that they have been profiteering oil majors have run multi-million dollar advertising campaign to try to convince the public of the falsehood that California climate programs are the main reason that gas prices are increasing. These companies have consistently put private gain above the public interest and consumers need to be protected.

“California has some of the strongest price-gouging laws in the country, but they only take effect once an emergency declaration has been issued. As has been demonstrated, war can have a devastating impact on the livelihood of Californians.”

- 5) **Argument in Opposition:** According to the *Supply Chain Federation*, “While the bill is framed as a consumer protection measure, its practical effect is to impose rigid government price controls on the supply chain at precisely the moment when markets face their greatest strain, limiting the flexibility that businesses need to absorb real cost increases and keep goods and services moving.

“SCF represents a diverse coalition of stakeholders involved in California’s goods movement sector, including maritime carriers, ports, logistics providers, clean energy innovators, and infrastructure developers. We support efforts that advance cleaner freight solutions while ensuring that California remains a global leader in trade, transportation, and environmental stewardship.

“We recognize the serious affordability challenges facing California families. Rising costs for housing, food and essential goods have placed real strain on households across the state and we share the Legislature’s concern about protecting consumers during times of crisis. SCF and its members are committed to an efficient, resilient supply chain that keeps goods moving and costs reasonable for Californians. That shared commitment compels us to raise several concerns about SB 493.

“Definition of ‘War’ is Broad and Potentially Perpetual

“SB 493 would add ‘war’ to the list of emergencies triggering the state’s price gouging statute (Penal Code Section 396). The bill defines “war” to include any period during which the United States is “engaged in active military operations against any foreign power, whether or not war has been formally declared,” or is assisting the United Nations in actions involving armed force. Given the persistent nature of U.S. military engagements around the world, this definition could effectively make the emergency price controls a near-permanent mixture rather than a targeted, time-limited protection.

“Cap Does Not Reflect Real Supply Chain Cost Dynamics

“The bill caps price increases at ten percent above pre-emergency levels. During armed conflict or global military operations, supply chain costs can surge dramatically due to fuel price spikes, rerouting around conflict zones, elevated cargo insurance premiums, port congestion, tariff disruptions and labor shortages. These are legitimate, externally driven cost increases that have nothing to do with opportunistic price gouging; the existing cost pass-through defense is narrow and difficult to prove, and it would place SCF members in legal jeopardy for pricing that simply reflects market realities.

“Specifically Covers Transportation and Freight

“SB 493 explicitly covers “transportation, freight, and storage services,” SCF’s core membership sectors. Unlike certain consumer goods markets where wartime price gouging might occur, the freight and logistics industry operates in a competitive marketplace with tight margins and significant variable cost exposure. A price cap regime calibrated for retail goods does not fairly translate to commercial logistics.

“California’s supply chain workforce and infrastructure are vital to the state’s economy and to the daily lives of its residents. We are committed to being part of the solution on affordability, and we ask that the Legislature ensure that solutions do not inadvertently undermine the industry’s ability to serve Californians effectively.”

6) Related Legislation:

- a) SB 1365 (Allen) would authorize the city attorney of any city with a population in excess of 900,000 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. SB 1365 is scheduled 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.

7) 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 2025-2026 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 2025-2026 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 by 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 2025-2026 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 the Senate Appropriations Committee.
- e) SB 1133 (Archuleta), of the 2021-2022 Legislative Session, would have, among other things, excluded from 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 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

American Federation of State, County and Municipal Employees, Afl-cio
Consumer Attorneys of California
Consumer Watchdog
S.f. Bay Physicians for Social Responsibility
Sierra Club
The Climate Center

Opposition

Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Bay Area Council
Berkeley Property Owner's Association
Building Owners and Managers Association
California Apartment Association
California Association of Realtors
California Building Industry Association (CBIA)
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Fuels and Convenience Alliance
California Grocers Association
California Hotel & Lodging Association
California Manufacturers & Technology Association (CMTA)
California Rental Housing Association
California Retailers Association
Central City Association of Los Angeles
East Bay Rental Housing Association
Naiop of California
Nor Cal Rental Property Association
North Valley Rental Property Association
Santa Barbara Rental Property Association
Small Property Owners of San Francisco Institute
Southern California Rental Housing Association
Supply Chain Federation
Western Manufactured Housing Communities Association
Western States Petroleum Association

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