Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 493 (Becker) – As Amended July 2, 2026

Policy Committee:	Agriculture	Vote:	8 - 0
	Public Safety		5 - 2

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

SUMMARY:

This bill adds "war," as defined, to the emergencies that can trigger California's price gouging statute.

More specifically, this bill:

1) Includes war in the statutory definitions of "state of emergency" and "local emergency" in Penal Code section 396, which prohibits, for specified periods following a proclamation or declaration of emergency, price increases of more than 10% for essential goods and services, rental housing, hotel rates, and repair and reconstruction services.

2) Defines "war" as a time during which Congress has declared war and peace has not been formally restored; a time during which the United States is engaged in active military operations against any foreign state, whether or not war has been formally declared; or 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.

3) Provides that the prohibitions and penalties pursuant to a proclamation of a state of emergency for war apply only to the essential consumer goods or services for which the Attorney General issues a written opinion, consistent with Government Code Section 12519, finding a sufficient nexus between the war at issue and increases in the prices of those goods or services.

FISCAL EFFECT:

1) Costs of up to $1.5 million (Unfair Competition Law Fund and General Fund) to the Department of Justice (DOJ), reflecting five positions beginning January 1, 2027. Within the Public Rights Division, the Consumer Protection Section would add one deputy attorney general, one legal secretary, and one special investigator to investigate and prosecute civil and criminal violations arising under the bill (Unfair Competition Law Fund). Within the Directorate Division, the Opinions Unit would add one permanent deputy attorney general to prepare the written nexus opinions the bill requires, along with one permanent external consultant to gather information on United States military activities, analyze the associated economic and supply chain effects, and assess pricing impacts across consumer goods and services (General Fund). DOJ reports the department could not absorb these costs within existing budgeted resources. DOJ's estimate assumes standing, year-round capacity for a workload the bill triggers only upon a proclamation or declaration of a state of emergency

premised on war, and then only as to the goods and services for which the Attorney General finds a nexus.

2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown amount to the courts to adjudicate any additional filings. A violation of the price gouging statute is a misdemeanor and also constitutes an unlawful business practice actionable under the Unfair Competition Law, so war-triggered periods could generate both criminal prosecutions and civil enforcement actions. 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 state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately $117.3 million in 2025-26.

COMMENTS:

1) **Purpose**. According to the author:

> 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.

2) **Background**. Penal Code Section 396 prohibits, upon a proclamation of a state of emergency by the President or the Governor or a declaration of a local emergency, and for specified periods thereafter, increasing the price of essential consumer goods and services, rental housing, hotel and motel rates, and repair and reconstruction services by more than 10%, subject to a defense for increases directly attributable to additional costs. A violation is a misdemeanor and also constitutes an unlawful business practice under the Unfair Competition Law. Existing law defines the qualifying emergencies by reference to natural or manmade disasters such as earthquakes, floods, fires, and pandemics; war is not among them. This bill adds war to the qualifying emergencies.

   Supporters cite the 2026 conflict in Iran and the resulting blockade of the Strait of Hormuz, which they describe as the largest supply disruption in the history of the global oil market, contending average California retail gasoline prices rose from $4.64 to $5.99 per gallon following the onset of the conflict. The bill responds to the concern that price increases during wartime market disruptions fall outside the existing statute unless a separate qualifying emergency has been declared. The policy committee analysis observes that the bill's definition of war is broad — the United States has been involved in military engagements abroad in 202 of the 225 years between 1798 and 2023, according to the Congressional Research Service — and that, combined with California's nearly 60 open states of emergency, the definition could result in extended application of price controls designed as temporary emergency measures. The bill's Attorney General written-opinion requirement operates as a limiting mechanism for war-based application: the prohibitions apply only to the goods or services for which the Attorney General finds a sufficient nexus to the war at issue.

3) **Support and Opposition**. Supporters, including the Climate Center, Consumer Watchdog, and Consumer Attorneys of California, argue the bill deters exploitation of military conflict for excessive profits, citing wartime gasoline price increases costing California households almost $3 billion in aggregate. Opponents, including a broad coalition including the California Chamber of Commerce, the Western States Petroleum Association, the California Retailers Association, the Supply Chain Federation, and numerous rental housing associations, argue the definition of war could make emergency price controls near-permanent, and that the 10% cap does not reflect legitimate externally driven cost increases during conflicts.

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