



**LEGISLATIVE POSITION:**

**Unfavorable**

**Senate Bill 565**

**Public Safety – Emergency Management – Price Gouging Consumer Protections**

**Senate Finance Committee**

**Thursday, February 24, 2022**

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

SB 565 places in statute a list of goods and services deemed essential for the purpose of preventing a price increase of 10% or greater in those goods or services during a declared state of emergency.

Throughout the height of the COVID-19 pandemic and now the public has become increasingly aware of the many factors influencing the State's economy and the prices of goods. As introduced, SB 565 fails to account for this variety of factors and therefore eliminates the flexibility needed by business and government to supply goods and services during critical times. The Chamber's items of concern with SB 565 are:

- This legislation fails to recognize the *many* factors influencing the prices of goods and services set by normal market fluctuations like production of goods, supply chain function, inflation, government demand or restrictions, etc. This same thought process applies to the 10% threshold outlined in the legislation. All these factors would determine what is or isn't an appropriate level used to determine price gouging.
- SB 565 lists out specific goods and services considered essential and then leaves up to the Governor the authority to identify more. As learned during the debate surrounding the Essential Workers' Protection Act, this list should be tied to not just the Governor, but consultation with federal and state emergency management agencies and experts. We do not support specific goods or services being named in statute.
- The timeframe used to determine the base prices appears arbitrary and again ignores the many factors influencing the price of goods and services. How does this base timeframe

consider varying periods of inflation, recession, economic expansion, rising wages, or normal business activity such as sale prices?

Targeting and eliminating price gouging during times of uncertainty is a necessary function of government. However, an effective response requires flexibility and targeted enforcement, SB 565 does not provide either. The reporting and enforcement mechanisms deployed during the Governor's State of Emergency at the height of the COVID-19 pandemic seemed to provide a balanced approach to combating this problem.

As such, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 565**.

