

MHILA
Maryland Hotel
Lodging Association

SB 542 - Public Safety - Emergency Management - Consumer Protections Against Price Gouging
Senate Finance Committee
March 2, 2023

Position: Information Only

Dear Chair Griffith and Members of the Committee:

The Maryland Hotel Lodging Association understands the purpose of SB 542 as a measure to protect consumers from price gouging during a state of emergency. Hotels are often able to assist local communities by housing first responders and displaced individuals; price gouging during such a time is unconscionable. The lodging industry has often done the opposite of price gouging, donating rooms or offering steep discounts to those in need, as feasible, during past states of emergency.

SB 542 is broad as it encompasses all essential services including “accommodations and lodging”. While the language is intended to set parameters in avoidance of price gouging, we feel it does not take into account the highly dynamic hotel room rates that are the result of seasonal demand and pre-determined, contract rates.

For example, the [GSA lodging rates](#) in Ocean City are set at \$130 in May-June of this year but will increase 150% to \$325 in July-August. Similarly, the 2023 GSA lodging rates in Montgomery and Prince George’s Counties are set at \$188 in January and February and will increase 37% to \$258 in March–June.

Additionally, some of our contracts with event planners are made months, if not years in advance. The prices don’t have any relation to the state of emergency and are set well ahead of time. Since there is no exemption to “price gouging” for these contracts, this bill would force us to alter prices of a contract that was agreed to long in advance.

A similar bill, [HF6](#), is currently proposed in Minnesota with language that gives consideration to what isn’t an “unconscionably excessive price,” (aka price gouging) including:

- a price that is consistent with the fluctuations in applicable commodity markets or seasonal fluctuations; or
- a contract price, or the results of a price formula, that was established before an abnormal market disruption is declared.

We believe the language above addresses the unique nature of hotel room pricing that is not reflective of price gouging but is driven by seasonal demand and pre-determined contract rates appropriate to the market.

The Maryland Hotel Lodging Association respectfully asks for your consideration of similar language in SB 542.