



**Testimony to the Senate Finance Committee
SB 542 – Public Safety – Emergency Management –
Consumer Protections Against Price Gouging
Position: Favorable**

The Honorable Melony Griffith
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 2, 2022

Honorable Chair Griffith and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to foster safety, transparency, and fair treatment for Maryland drivers, car buyers, and consumers.

Consumer Auto supports **SB 542** because it will give drivers and other consumers some protection against the kind of price-gouging we saw during the early months of the Covid pandemic – and which have regularly seen when an emergency condition strongly impacts the pricing of basic commodities in our area.

In the early months of the pandemic in 2020, consumers suffered from sharp – and sometimes predatory – run-ups in prices for basic good and pandemic necessities like hand sanitizer, cleaning supplies and toilet paper. The Attorney General's Office received hundreds of complaints about such practices, counting 736 price-gouging complaints in 2020 and 107 in 2021. After the legislature acted to grant it emergency authority to do so, the Attorney General's Office acted to protect consumers by warning more than 100 businesses to stop price-gouging.

Reports of price gouging were also widespread following the cyber-attack on the Colonial Pipeline in June 2021, after the disruptions caused by Superstorm Sandy in Oct. 2012, and when gas prices soared after Hurricane Katrina hit the Gulf Coast in August 2005, among other cases.

Yet while at least 31 other states (and the District of Columbia) have laws limiting price gouging in an emergency situation, Maryland still does not. And since the emergency authority to limit price gouging the legislature authorized in 2020 to address the Covid crisis lapsed after April 30, 2021, Maryland consumers may have few legal protections when the next emergency strikes.

By limiting price hikes for basic goods and services to 10% (in most cases) during and for 90 days after a state of emergency, this legislation would set reasonable limits on predatory pricing practices that can hurt and exploit vulnerable people in times of trouble. It also gives the Attorney General's office the authority to address unfair price spikes not just at the retail level (as the emergency powers granted during the Covid crisis allowed) but up the supply chain to the practices



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of manufacturers, wholesalers and other actors whose price-gouging can have dramatic effect on what consumers have to pay.

Now of course there may be circumstances when shortages of labor, materials, transportation or other cost spikes caused by an emergency situation may justify larger price hikes. This legislation does permit larger price hikes in those situations – and mandates that a business will have at least 20 days to respond to a price-gouging complaint and establish that its actions were warranted.

We believe that's a fair and balanced way to protect consumers from exploitive pricing during an emergency situation.

We support **SB 542** and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto