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# HOUSE FILE NO. 740

## *FIRST COMMITTEE ENGROSSMENT*

February 8, 2007

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The bill was read for the first time and referred to the Committee on Commerce and Labor

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*Referred by Chair to Labor and Consumer Protection Division.*

March 5, 2007

*Returned to the Committee on Commerce and Labor as Amended.*

1.1 A bill for an act  
1.2 relating to consumer protection; prohibiting price gouging on essential consumer  
1.3 goods and services under certain conditions; providing enforcement authority;  
1.4 proposing coding for new law in Minnesota Statutes, chapter 325E.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325E.425] SALES OF ESSENTIAL CONSUMER GOODS AND**  
1.7 **SERVICES; EXCESSIVE PRICES PROHIBITED.**

1.8 Subdivision 1. **Definitions.** For purposes of this section, the terms in this subdivision  
1.9 have the meanings given them.

1.10 (a) "Abnormal market disruption" means any change in the market resulting from  
1.11 a natural or man-made disaster, a national or local emergency, or an event resulting in a  
1.12 declaration of a state of emergency by the governor or president.

1.13 (b) "Disaster" has the meaning given in section 12.03, subdivision 2.

1.14 (c) "Emergency" has the meaning given in section 12.03, subdivision 3.

1.15 (d) "Essential consumer goods or services" means goods or services vital and  
1.16 necessary for the health, safety, and welfare of the public, including, without limitation,  
1.17 food, water, fuel, gasoline, shelter, transportation, health care services, pharmaceuticals,  
1.18 and medical supplies.

1.19 (e) A price is "excessive" if:

1.20 (1) the amount charged represents a gross disparity between the price of the good  
1.21 or service and the price at which the same good or service was sold or offered for sale  
1.22 in the usual course of business immediately prior to the onset of the abnormal market  
1.23 disruption; and

2.1 (2) the disparity is not attributable to significant additional costs not within the  
2.2 control of the seller and does not increase the seller's usual and customary profit margin.

2.3 Subd. 2. **Prohibition.** During any abnormal market disruption, no person shall sell  
2.4 or offer to sell any essential consumer goods or services for an amount that represents  
2.5 an excessive price.

2.6 Subd. 3. **Civil penalty.** Any person who violates this section is subject to a civil  
2.7 penalty of not more than \$10,000 per sale or transaction.

2.8 Subd. 4. **Enforcement authority.** The attorney general may investigate an  
2.9 alleged violation of this section. The authority of the attorney general under this section  
2.10 includes, but is not limited to, the authority provided for in section 8.31. In addition, the  
2.11 commissioner of commerce may use the authority under section 45.027 for the purpose of  
2.12 preventing violations of this section.

2.13 Subd. 5. **Relation to other law.** This section does not supersede section 325D.71.