
OLR Bill Analysis

sHB 6856

AN ACT CONCERNING THE ATTORNEY GENERAL'S RECOMMENDATIONS REGARDING CONSUMER PRODUCTS, ABNORMAL ECONOMIC DISRUPTIONS AND PRECIPITATING EVENTS.

SUMMARY

Current law generally prohibits any person, firm, or corporation from increasing the price of any retail item sold in a location subject to certain emergency declarations while the declaration is in effect.

This bill expands this price gouging prohibition in several ways, including applying it to an item's entire chain of distribution rather than just at retail and adding a new precipitating event when the prohibition applies.

It does so by allowing the attorney general to issue an abnormal economic disruption notice when certain events cause a significant disruption involving consumer necessities (e.g., food or prescription drugs) purchased by state agencies for the public. To issue this notice, among other requirements, he must consult certain state agencies and post a notice with specified information such as the anticipated date the period will end. The bill also allows a joint legislative committee to disapprove the notice by a bipartisan majority vote.

The bill also requires the UConn Business School to study vendors' efforts to reduce the quantities, amounts, weights, or sizes of consumer products offered or sold in Connecticut between May 1, 2005, and April 30, 2025. By October 1, 2025, the business school must submit the results to the General Law Committee and attorney general's office. For the study, a "consumer product" is any product used or bought primarily for personal, family, or household purposes.

EFFECTIVE DATE: July 1, 2025, except the study provision is

effective upon passage.

UNCONSCIONABLY EXCESSIVE PRICE

Under the bill, price gouging is selling, renting, or leasing an item, or offering to do so, at an “unconscionably excessive price.” This is an increased price during a precipitating event (see below) that is (1) grossly disproportionate to the price of the item, either immediately before the precipitating event or while the event was reasonably anticipated, and (2) not due to additional costs incurred in leasing, renting, or selling the item during the event.

PRECIPITATING EVENTS

Under existing law, price gouging is prohibited during the following declared emergencies:

1. a civil preparedness emergency, which the governor may declare in the event or imminence of an emergency, serious disaster or enemy attack, sabotage, or other hostile action within the state or a neighboring state (CGS § 28-1);
2. a transportation emergency, which the governor may declare when a substantial disruption in the operation of a major transportation facility or service occurs, endangering the public health, safety, or welfare (CGS § 3-6b); and
3. major disaster or emergency declarations issued by the U.S. president.

The bill categorizes these as “precipitating events” and adds another. The new event is when the attorney general issues an abnormal economic disruption notice.

ABNORMAL ECONOMIC DISRUPTION

Under the bill, if the attorney general determines that an abnormal economic disruption exists or is substantially likely to be imminent, then he may issue a notice for the disruption.

An “abnormal economic disruption” is a significant disruption in the

production, supply, distribution, wholesale, sale, or availability of a consumer necessity that (1) is caused by a natural or man-made disaster or emergency, regardless of its location, and (2) causes ordinary competitive market forces to stop functioning normally.

A "consumer necessity" is an item purchased by or on behalf of a state agency to ensure the public health or safety of Connecticut residents. This includes food, diapers, baby formula, pharmaceutical products, and prescription drugs, but does not include any item that is subject to a continuous maximum price requirement under any applicable federal or state law or regulation.

Attorney General Determination

In making the determination, the bill requires the attorney general to (1) make a reasonable investigation, (2) consult with the consumer protection and economic and community development commissioners, and (3) consider whether issuing the notice will disrupt the supply of consumer necessities.

Notice

Under the bill, the notice must specify:

1. the date the attorney general issued it;
2. the anticipated end date of the abnormal economic disruption period;
3. the conditions that have caused, or are substantially likely to have caused, the disruption;
4. the consumer necessity, consumer necessities, or categories of them affected by the disruption and subject to the price gouging prohibition; and
5. the levels of trade or commerce affected by the disruption and subject to the price gouging prohibition, including production, supply, distribution, wholesale, sale, or availability.

The bill also requires the attorney general to (1) post the notice on his

office's website home page and (2) file it with the (a) Secretary of the State (SOTS), in a SOTS-prescribed form and manner, and (b) joint legislative committee (see *Disapproval*).

Unless the notice is disapproved or the attorney general modifies it, the notice expires 60 days after the attorney general issues it or on an earlier date he specifies, whichever occurs first.

Modifications

The bill allows the attorney general to modify a notice at any time. It also allows him to extend the notice for additional 60-day periods. To do so, he must issue a notice that includes the information the bill requires for an initial notice and the reasons for the modification or extension. The bill also requires him to post and file the modification or extension the same way as a notice.

Disapproval

The bill allows a joint legislative committee consisting of the Senate president pro tempore, House speaker, and the House and Senate majority and minority leaders to disapprove a notice, extension, or modification by a majority vote, with at least one minority leader voting for disapproval. The notice of the disapproval must be filed with SOTS, in a SOTS-prescribed form and manner, within 72 hours after the committee receives notice from the attorney general. The disapproval is effective upon this filing.

APPLICABILITY TO ADDITIONAL TRANSACTIONS

Additionally, the bill expands current law's price gouging prohibition in the following ways:

1. adds distributors, manufacturers, suppliers, and wholesalers (or anyone else) to the actors, rather than just retailers (collectively, "vendors") to which the prohibition applies;
2. correspondingly expands the prohibition to an item's entire chain of distribution, rather than just at retail; and
3. adds rental and leasing, or offers to rent or lease, to the

transactions to which the prohibition applies.

PRICE FLUCTUATIONS

The bill removes the exception in current law that specifies that an item's retail price fluctuation during the normal course of business does not violate the price gouging law.

ENFORCEMENT

By law, a violation of the price gouging prohibition is a Connecticut Unfair Trade Practices Act (CUTPA) violation. The bill gives the attorney general exclusive authority to enforce this on the state's behalf. It also gives him authority to, as outlined in CUTPA, (1) order an investigation or examination or (2) take other enforcement action as necessary.

The bill also removes the separate \$99 fine for violators and makes a conforming change (§ 3).

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 15 Nay 7 (03/12/2025)