

Vermont Legislative Research Shop

Price Gouging During a Natural Disaster

Often times in the event of a natural disaster, merchants charge high prices for certain necessary goods in order to make a profit off of individuals affected by a disaster. Several states have enacted laws that prohibit this type of price gouging.

In 1993 the state of Florida enacted a statute that protects disaster victims from unnecessary price hikes, [Florida Statute 501.160](#). It prohibits the sale or rental of essential commodities at unconscionable prices during a declared state of emergency. Several of the goods that fall under this law include, lumber, ice, water, chemicals, and generators. The law dictates that during a declared state of emergency merchants may not grossly exceed the average price at which the commodity was sold in the area within the previous 30 days. The statute, however, allows for merchants to pass along additional charges attributed to acquiring the good, as a result of the natural disaster. In addition, the Florida statute does not apply to sales by growers, producers, or processors of raw or processed food products. In Florida violators of the law are subject to a \$1,000 fine.

- The state of Texas has similar laws against the practice of price gouging disaster victims. During a declared state of emergency the people of Texas are protected by the Texas Deceptive Trade Practices Act.
- Both Texas and Florida have set up consumer protection hotlines, for residents to report incidents of price gouging. They have proved to be an effective method for discovering this practice, according to the Florida Attorney General's Office.
- There are those who oppose government interference in regulating prices after a disaster. They believe that increases in prices work to help ration critical goods. Very high prices tend to cause goods to remain in stores longer, creating greater availability for victims that may not be able to reach stores immediately. Extra profits also help merchants to rebuild their business after the disaster.

Sources:

"Beyond Government," Harry Reid. The Florida Libertarian Party. <http://www.atlantic.net/~dwatney/reid/reid16.htm>

"Access Jacksonville Page", The Jacksonville Consumer Affairs Division. <http://www.ci.jax.fl.us/pub/consumer/price.htm>

"Price Gouging a Relative Term", *Raleigh News and Observer*. <http://www.phlip.marist.edu/pindyck/news/pmi0923.htm>

"Disaster Fraud" Consumer Protection, Mississippi Attorney General's Office. <http://www.ago.state.ms.us/disaster.htm>

Florida Statute 501.160 <http://www.leg.state.fl.us/citizen/documents/statutes/1993/chapter%5F501%5F160.html>

Florida Statute 501.204 http://www.leg.state.fl.us/citizen/documents/statutes/1993/CHAPTER_501_204.html- Florida

Florida Statute 501.211 http://www.leg.state.fl.us/citizen/documents/statutes/1993/CHAPTER_501_211.html

"How to Protect Yourself: From Price-Gouging After a Hurricane" The Florida Attorney General's Office. <http://www.unf.edu/dept/upd/tiphur~1.htm>

Texas Attorney General's Office, Deceptive Trade Practices Act http://www.oag.state.tx.us/WEBSITE/CONSUMER/dtpa_act.htm

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