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FAQs on Price Gouging

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What is price gouging?

Price gouging refers to sellers trying to take unfair advantage of consumers during an emergency or disaster by greatly increasing prices for essential consumer goods and services.

Is price gouging illegal in California?

Yes, in certain circumstances. California's anti-price gouging statute, Penal Code Section 396, prohibits raising the price of many consumer goods and services by more than 10% after an emergency has been declared.

Local laws may also contain their own prohibitions on price gouging.

When does California's anti-price gouging statute apply?

The statute applies immediately after the President of the United States, the Governor of California, or city or county executive officer declares a state of emergency resulting from any natural or manmade disaster, such as an earthquake, flood, fire, riot, or storm.

Who is subject to the statute?

Individuals, businesses, and other entities must comply with the statute.

What goods and services are covered by the statute?

The statute applies to the following major necessities: lodging (including rental housing, hotels and motels); food and drink (including food and drink for animals); emergency supplies such as water, flashlights, radios, batteries, candles, blankets, soaps, diapers, temporary shelters, tape, toiletries, plywood, nails, and hammers; and medical supplies such as prescription and nonprescription medications, bandages, gauze, isopropyl alcohol, and antibacterial products.

It also applies to other goods and services including: home heating oil; building materials, including lumber, construction tools, and windows; transportation; freight; storage services; gasoline and other motor fuels; and repair and reconstruction services.

How long do the restrictions of the statute apply?

The statute generally applies for 30 days after a declaration of emergency, although for reconstruction services and emergency cleanup services, it applies for 180 days after a declaration of emergency. The state legislature and local officials may extend the effective period of the statute beyond these timeframes.

What if I experienced price increases outside of the city or county where the emergency or disaster is occurring or occurred?

The statute does not restrict its protection to a city or county where the emergency or disaster is located. It is intended to prevent price gouging anywhere in the state where there is increased consumer demand as a result of the declared emergency. For example, if a fire in San Diego County causes residents to evacuate to neighboring Imperial County, hotels in Imperial County may not raise rates by more than 10% to take advantage of the increase in demand for lodging.

What if a seller increased the price of a good or service because the seller's costs of providing the good or service increased?

If the seller can prove that the increased price is directly attributable to increases in the cost of labor or materials needed to provide the good or service, the seller may not be liable under the statute.

What are the consequences of violating the statute?

Violations of the price gouging statute are subject to criminal prosecution that can result in one-year imprisonment in county jail and/or a fine of up to \$10,000. Violations are also subject to civil enforcement actions including civil penalties of up to \$5,000 per violation, injunctive relief and mandatory restitution.

The Attorney General, local district attorneys, and private individuals can bring actions for violations of the statute.

Can the Attorney General's office assist me with a claim against someone who price gouged me?

Our office cannot give you legal advice or represent you. If you believe that you might have a claim for price gouging, you might consider contacting an attorney to explore your options. For referral to a lawyer, you may contact the State Bar at (866) 442-2529 (toll-free in California) or (415) 538-2250 (from outside California), or through its website at: <http://www.calbar.ca.gov>. If you cannot afford to pay an attorney, you may consider contacting your local legal aid office. For a referral, visit <http://www.lsc.gov> and click on the Find Legal Assistance tab, or go to <http://lawhelpca.org>.

Should I report price gouging to the Attorney General's office?

Even though our office cannot represent individuals, the Attorney General may, on behalf of the public, investigate or prosecute someone who has engaged in price gouging. Anyone who has been the victim of price gouging, or who has information regarding potential price gouging, is encouraged to immediately file a complaint with the Attorney General's Office by going to the Attorney General's website or by calling (800) 952-5225.

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FAQs on Price Gouging [for local officials]

What is California's anti-price gouging statute?

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What are the consequences for violating the statute?

What can local officials do to help protect consumers against price gouging?

What is California's anti-price gouging statute?

California Penal Code section 396 is the state's anti-price gouging statute. The statute prohibits, in specified circumstances, raising the price of many consumer goods and services by more than 10% after an emergency has been declared.

When does the statute apply?

The statute applies immediately after the President of the United States, the Governor of California, or city or county executive officer declares a state of emergency resulting from any natural or manmade disaster, such as an earthquake, flood, fire, riot, or storm.

Who is subject to the statute?

Individuals, businesses, and other entities must comply with the statute.

What goods and services are covered by the statute?

- Hotels and motels
 - Rental housing
 - Consumer food and drink, including food and drink for animals, and other consumer goods
 - Goods and services used for emergency cleanup
 - Emergency supplies, including water, flashlights, radios, batteries, candles, blankets, soaps, diapers, temporary shelters, tape, toiletries, plywood, nails, and hammers.
 - Medical supplies, including prescription and nonprescription medications, bandages, gauze, isopropyl alcohol, and antibacterial products
 - Home heating oil
 - Building materials, including lumber, construction tools, and windows
 - Transportation
 - Freight
 - Storage services
 - Gasoline and other motor fuels
 - Repair and reconstruction services
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How long do the restrictions of the statute apply?

The statute generally applies for 30 days after a declaration of emergency, although for reconstruction services and emergency cleanup services, it applies for 180 days after a declaration of emergency. The state legislature and local officials may extend the effective period of the statute beyond these timeframes.

Does the statute apply only in a city or county where the emergency or disaster is occurring or occurred?

The statute does not restrict its protection to a city or county where the emergency or disaster is located. It is intended to prevent price gouging in anywhere in the state where there is increased consumer demand as a result of the declared emergency.

What if a seller increased the price of a good or service because the seller's costs of providing the good or service increased?

If the seller can prove that the increased price is directly attributable to increases in the cost of labor or materials needed to provide that good or service, the seller may not be liable under the statute.

What are the consequences for violating the statute?

Violations of the price gouging statute are subject to criminal prosecution that can result in one-year imprisonment in county jail and/or a fine of up to \$10,000. Violators are also subject to civil enforcement actions including civil penalties of up to \$5,000 per violation, injunctive relief and mandatory restitution.

The Attorney General, local district attorneys, and private individuals can bring actions for violations of the statute.

What can local officials do to help protect consumers against price gouging?

Local officials may extend the statute's effective period, 30 to 180 days after a declaration of emergency, by additional 30-day periods if they deem it necessary to protect the lives, property, or welfare of citizens.

Additionally, the statute permits local ordinances to prohibit price gouging on their own terms, including imposing more severe penalties.

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