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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Dawn Romero Watson.

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## DIGEST

Present law (R.S. 29:732, Price Gouging Statute) provides that during a state of emergency, or during a named tropical storm or hurricane in or threatening the Gulf of Mexico, the price charged or value received for goods and services sold within the designated emergency area may not exceed the prices ordinarily charged for comparable goods and services in the same market area at or immediately before the time of the state of emergency. Provides an exception in instances when the price by the seller is attributable to fluctuations in applicable commodity markets, fluctuations in applicable regional or national market trends, or to reasonable expense and charges for attendant business risk incurred in procuring or selling the goods or services during the state of emergency.

Proposed law retains present law and adds special provisions of law regarding fuel. Provides that upon the initial proclamation of a state of emergency due to a named tropical storm or hurricane, it shall be unlawful for any person within the designated emergency area to sell or demand an excessive price for fuel. Provides that the prohibition shall extend for 20 calendar days or until the end of the state of emergency, whichever occurs sooner.

Proposed law defines "excessive price" as a price greatly exceeding the price for the same or similar fuel prior to the state of emergency. Defines "fuel" as gasoline of any type sold at wholesale or retail for use in the operation of motor vehicles, generators, power tools and small engines. Defines "person" as a natural person, corporation, trust, partnership, incorporated or unincorporated association or any other nongovernmental entity.

Proposed law provides that each sale or offer for sale in violation of proposed law shall constitute a separate offense.

Proposed law provides that evidence that the amount charged or demanded exceeds by 10% or more the average price at which the same or similar fuel was obtainable in the affected area during the 30 days immediately preceding the declared state of emergency shall constitute prima facie proof of an excessive price in violation of proposed law.

Proposed law provides that in instances where it is alleged that the excessive price for fuel is attributable to additional costs imposed by the supplier, the prima facie proof may be overcome by the seller producing reliable evidence that the additional amount charged or demanded for fuel is equivalent or less than the additional costs of supplies plus the seller's average markup for the same or similar product for sale to similar buyers during the 30 days immediately preceding the declared state of emergency.

Present law (R.S. 29:734) authorizes the attorney general, district attorney, or parish attorney to bring an action for a violation of the price gouging statute enjoining the unlawful act and the

court may impose a civil penalty and, where appropriate, order restitution to aggrieved customers.

Proposed law retains present law and adds to such enforcement authority for violations of proposed law.

Present law (R.S. 14:329.6 and 329.7) also provides that a violation of present law is a criminal act and provides criminal penalties. Provides that during a declared emergency, the chief law enforcement officer may promulgate orders prohibiting the sale of goods or services within the designated emergency area in violation of the Price Gouging Statute. Provides that such orders shall be in effect for five days or until state of emergency no longer exists, whichever occurs sooner. Allows such order to be extended for successive periods of five days with the consent of the governor. Provides that penalties for a violation shall be a fine of not more than \$500 or imprisonment of not more than six months, or both. Provides that if there is a willful violation that causes serious bodily injury or property damage in excess of \$5000, the offender shall be imprisoned at hard labor for not more than five years. Provides that if there is a willful violation that causes a death of a person, the offender shall be imprisoned at hard labor for not more than 20 years.

Proposed law retains present law and adds a violation of proposed law as a criminal act and subject to present law criminal penalties.

Proposed law provides that if it is determined that fuel inventory was deliberately withheld or production of fuel was deliberately reduced by a producer, refiner, or retailer so as to increase a supply shortage, it may be considered an aggravating factor and subject the producer, refiner or retailer to an additional fine of up to \$10,000.

Proposed law provides that proposed law shall not be construed so as to create a private cause of action in favor of any person damaged by a violation of proposed law.

Present law (R.S. 51:422.1, Unfair Sales Law) provides that it shall be an unfair trade practice and unlawful for any person who is a retailer to sell, at retail, motor fuel (defined as gasoline and diesel fuel) at a price which is below the retailer's cost plus taxes, applicable fees, and transportation charges when the intent or effect is to impair or injure competition. Present law provides several exceptions when such prohibitions shall not apply.

Proposed law adds an exception for motor fuel sold during at state of emergency within the designated geographic emergency area thereby authorizing the sale of motor fuel below costs during such time periods in such areas.

Effective August 15, 2009.

(Amends R.S. 14:329.6(A)(9) and R.S. 29:734; adds R.S. 29:732.1 and R.S. 51:422.1(C)(5))