

Date of Hearing: July 15, 2025
Counsel: Ilan Zur

ASSEMBLY COMMITTEE ON PUBLIC SAFETY
Nick Schultz, Chair

SB 36 (Umberg) – As Amended June 25, 2025

UPDATED

As Proposed to be Amended in Committee

SUMMARY: Extends specified criminal prohibitions against price gouging to counties within a 25-mile radius of the counties in the proclamation or declaration of emergency; and expands the statutory basis to issue a search warrant to include specified misdemeanor price gouging crimes. Specifically, **this bill:**

- 1) Modifies the criminal prohibitions against price gouging during a state of emergency as follows:
 - a) Expands specified price gouging prohibitions pertaining to hotel and motel price increases, rental price increases, and evictions of tenants of residential housing to all counties in the proclamation or declaration of emergency as well as all counties within a 25-mile radius of the counties in the proclamation or declaration of emergency.
 - b) Clarifies that an extension of the price gouging protections authorized by the Governor may be terminated by a concurrent resolution of the Legislature declaring it at an end.
 - c) Removes the Legislature from the list of entities that may extend price gouging protections, as specified.
 - d) Defines “price gouging,” for purposes of California’s price gouging statute, as “the unlawful conduct of charging higher or greater prices,” as specified.
- 2) Expands the statutory authority for the issuance of a search warrant to include when the property or things to be seized consists of evidence that tends to show that specified misdemeanor price gouging violations pertaining to hotel and motel price increases, rental price increases, and evictions of tenants of residential housing, occurred or are occurring.
- 3) Provides that in addition to any liability for a civil penalty imposed for violating the Unfair Competition Law (UCL), a person who violates the UCL, if the act or acts of unfair competition are perpetrated against one or more persons displaced due to a state of emergency or local emergency at the time the violation occurred, shall be liable for a civil penalty not to exceed \$2,500 for each violation, which may be assessed and recovered in a civil action, as specified.
- 4) Requires a housing listing platform, during the period of 30 days following the proclamation of a state of emergency declared by the President of the United States or the Governor, or

upon the declaration of a local emergency by an official, board, or other governing body vested with authority to make that declaration in any county, city, or city and county, to do all of the following:

- a) Remove a listing when notified by local, regional, or state law enforcement agencies that the price for the listing made available on the housing listing platform violates specified price gouging crimes.
 - b) Establish and maintain a policy informing housing providers that listings are prohibited from engaging in specified price gouging during a state of emergency, and that failure to comply may include consequences including, but not limited to, suspension or termination of the housing provider's account.
 - c) Establish and maintain a policy informing persons searching for rental housing that listings are prohibited from violating specified price gouging crimes, and how to report listings that they believe are in violation of the law to the appropriate law enforcement agencies.
 - d) Provide a mechanism on the housing listing platform that allows any individual to notify the housing listing platform that a person may have violated specified price gouging crimes.
 - e) Provide a means, including a link to a dedicated web page, online portal, or email address on the housing listing platform, by which law enforcement can submit law enforcement requests, including warrants, subpoenas, and other legal processes, and related timelines for response.
 - f) Maintain internal written policies and systems to comply with the requirements of this section and to respond to law enforcement requests related to price gouging.
 - g) Requires such policies, and mechanism to allow an individual to notify a platform that a person engaged in price gouging to be publicly posted and readily accessible to users.
- 5) Establishes that violating specified criminal prohibitions against price gouging, including, but not limited to, price gouging during a state of emergency or local emergency, is unlawful under the Consumer Legal Remedies Act (CLRA).
 - 6) Enables persons displaced due to a state of emergency or a local emergency at the time the violation occurred to collect enhanced penalties when redressing unfair or deceptive acts or practices or unfair methods of competition.
 - 7) Defines "housing listing platform" as an internet website, application, or other similar centralized platform that acts as an intermediary between a consumer and another person which allows another person to list the availability of housing, lodging, or units for sale or for rent to a consumer.

EXISTING LAW:

- 1) Contains legislative findings that during a state of emergency or local emergency, including, resulting from natural or manmade disasters, some merchants have taken unfair advantage of consumers by greatly increasing prices for essential consumer goods and services. While the pricing of consumer goods and services is generally best left to the marketplace under ordinary conditions, when a declared state of emergency or local emergency results in abnormal disruptions of the market, the public interest requires that excessive and unjustified increases in the prices of essential consumer goods and services be prohibited. (Pen. Code, § 396, subd. (a).)
- 2) Prohibits, for 30 days following a proclamation or declaration of emergency, the sale, or offer to sell, any consumer food items or goods, goods or services used for emergency cleanup, emergency supplies, medical supplies, home heating oil, building materials, housing, transportation, freight, and storage services, or gasoline or other motor fuels for a price of more than 10% greater than the price charged immediately prior to the proclamation or declaration of emergency, subject to certain exemptions. (Pen. Code, § 396, subd. (b).)
- 3) Prohibits, for 180 days following a proclamation or declaration of emergency, a contractor from selling or offering to sell any repair or reconstruction services or any services used in emergency cleanup for a price of more than 10% greater than the price charged immediately prior to the proclamation or declaration of emergency, subject to certain exemptions. (Pen. Code, § 396, subd. (c).)
- 4) Prohibits, for 30 days following a proclamation or declaration of emergency, an owner or operator of a hotel or motel from increasing the hotel or motel's regular rates more than 10% than the price charged immediately prior to the proclamation or declaration of emergency. (Pen. Code, § 396, subd. (d).)
- 5) Prohibits, for 30 days following an official proclamation or declaration of emergency, the increase of rental price advertised, offered, or charged for housing, to an existing or prospective tenant for more than 10% than the price charged before the proclamation or declaration of emergency. (Pen. Code, § 396, subd. (e).)
- 6) Prohibits, for 30 days following an official proclamation or declaration of emergency, a landlord from evicting a tenant and renting or offering to rent to another person at a rental price greater than the evicted tenant could be charged, unless the eviction process began prior to the emergency proclamation or declaration. (Pen. Code, § 396, subd. (f).)
- 7) Allows extension of price gouging prohibitions for additional periods beyond the initial 30 days or 180 days of a proclamation or declaration of emergency if deemed necessary to protect the lives, property, or welfare of citizens, although an extension by a local body cannot exceed 30 days (Pen. Code, § 396, subd. (g).)
- 8) Punishes price gouging as a misdemeanor with imprisonment in a county jail for a period not exceeding one year, by a fine of not more than \$10,000, or by both. (Pen. Code, § 396, subd. (h).)
- 9) Provides that violations of the price gouging restrictions constitute unlawful business practices and potentially subject violators to injunctions and other remedies, as defined. (Pen. Code, § 396, subd. (i).)

- 10) Defines “state of emergency” as a natural or manmade emergency resulting from an earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster for which a state of emergency has been declared by the President of the United States or the Governor. (Pen. Code, § 396, subd. (j)(1).)
- 11) Defines “local emergency” as a natural or manmade emergency resulting from an earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster for which a local emergency has been declared by an official, board, or other governing body vested with authority to make that declaration in any county, city, or city and county in California. (Pen. Code, § 396, subd. (j)(2).)
- 12) Provides that the right of the people to be secure in their persons, houses, papers, and effects against unreasonable seizures and searches may not be violated; and a warrant may not issue except on probable cause, supported by oath or affirmation, particularly describing the place to be searched and the persons and things to be seized. (U.S. Const., Amend. IV; Cal. Const., art. I, § 13.)
- 13) Defines a “search warrant” as a written order in the name of the people, signed by a magistrate, directed to a peace officer, commanding them to search for a person or persons, a thing or things, or personal property, and, in the case of a thing or things or personal property, bring the same before the magistrate. (Pen. Code, § 1523.)
- 14) Authorizes a search warrant to be issued upon any of the following grounds:
 - a) When the property was stolen or embezzled;
 - b) When the property or things were used as the means of committing a felony;
 - c) When the property or things are in the possession of any person with the intent to use them as a means of committing a public offense, or in the possession of another to whom they may have delivered them for the purpose of concealing them or preventing them from being discovered;
 - d) When the property or things to be seized consist of any item or constitute any evidence that tends to show a felony has been committed, or tends to show that a particular person has committed a felony;
 - e) When the property or things to be seized consist of evidence that tends to show that sexual exploitation of a child, or possession of matter depicting sexual conduct of a person under the age of 18 years, has occurred or is occurring;
 - f) When there is a warrant to arrest a person;
 - g) When a provider of electronic communication service or remote computing service has records or evidence, showing that property was stolen or embezzled constituting a misdemeanor, or that property or things are in the possession of any person with the

intent to use them as a means of committing a misdemeanor public offense, or in the possession of another to whom they may have delivered them for the purpose of concealing them or preventing their discovery;

- h) When the property or things to be seized include an item or any evidence that tends to show a violation of the Labor Code, as specified;
- i) When the property or things to be seized include a firearm or any other deadly weapon at the scene of, or at the premises occupied or under the control of the person arrested in connection with, a domestic violence incident involving a threat to human life or a physical assault;
- j) When the property or things to be seized include a firearm or any other deadly weapon that is owned by, or in the possession of, or in the custody or control of, a specified person that has been detained or apprehended for examination of their mental condition;
- k) When the property or things to be seized include a firearm that is owned by, or in the possession of, or in the custody or control of, a person who is subject to specified firearm prohibitions;
- l) When the information to be received from the use of a tracking device constitutes evidence that tends to show that either a felony or a misdemeanor violation of the Fish and Game Code, or a misdemeanor violation of the Public Resources Code;
- m) When a sample of the blood of a person constitutes evidence that tends to show a violation of misdemeanor driving under the influence and the person from whom the sample is being sought has refused an officer's request to submit to, or has failed to complete, a blood test;
- n) When the property or things to be seized are firearms or ammunition or both that are owned by, in the possession of, or in the custody or control of a person who is the subject of a gun violence restraining order;
- o) When the property or things to be seized include a firearm that is owned by, or in the possession of, or in the custody or control of, a person who is subject to specified firearm prohibitions, and that the person has failed to relinquish the firearm as required by law;
- p) When the property or things to be seized are controlled substances or a device, contrivance, instrument or paraphernalia used for unlawfully administering a controlled substance as provided;
- q) When the warrant is for a blood sample of a person that tends to show a violations related to the operation of a vessel, or manipulating water skis, an aquaplane, or a similar device, while under the influence of alcohol or drugs;
- r) When the property or things to be seized consist of evidence that tends to show that a violation of the crime of disorderly conduct related to invasion of privacy has occurred or is occurring;

- s) When the property or things to be seized are data, from a recording device installed by the manufacturer of a motor vehicle that constitutes evidence that tends to show the commission of a felony or misdemeanor offense involving a motor vehicle, resulting in death or serious bodily injury to any person;
 - t) When the property or things to be seized consists of evidence that tends to show unlawful photographing of a deceased person by a first responder has occurred or is occurring; or,
 - u) When the property to be seized includes ammunition owned by a person subject to firearm prohibitions due to a specified mental illness (Pen. Code, § 1524, subd. (a).)
- 15) Provides that a search warrant cannot be issued but upon probable cause, supported by affidavit, naming or describing the person to be searched or searched for, and particularly describing the property, thing, or things and the place to be searched. (Pen. Code, § 1525.)
- 16) Requires a magistrate to issue a search warrant if they are satisfied of the existence of the grounds of the application or that there is probable cause to believe their existence. (Pen. Code, § 1528, subd. (a).)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Author's Statement:** According to the author, "In times of crisis, Californians should be able to focus on recovery and rebuilding, not on predatory financial exploitation. Unfortunately, recent disasters—such as the devastating January 2025 firestorms—have shown that gaps in our current laws allow opportunist to take advantage of vulnerable, displaced residents.

“SB 36 closes these loopholes and strengthens protections against rental price gouging during declared emergencies. Under existing law, price gouging protections apply broadly to goods and services but do not explicitly cover rental housing. As we saw in the aftermath of the Southern California fires, bad actors took advantage of this oversight by listing properties in neighboring counties that were not subject to the emergency declaration, evading accountability while still targeting displaced residents.

“Sb 36 ensures that disaster victims are not further victimized by financial exploitation. It enhances civil penalties for price gouging, empowers public prosecutors with greater enforcement tools, and extends protections to counties within a 50-mile radius of the affected area to prevent circumvention of the law. Additionally, SB 36 brings accountability to online housing platforms by requiring them to monitor and report instances of price gouging and enforce fair pricing policies.

“California has long led the way in protecting consumers, and SB 36 builds on that commitment by closing critical gaps in our price gouging laws. When disaster strikes, Californians deserve stability, fairness, and the assurance that the law will hold those who seek to profit from tragedy accountable. I urge my colleagues to support SB 36 to protect our most vulnerable residents when they need it most.”

- 2) **Expanding the Territory Covered by Price Gouging Prohibitions:** Price gouging occurs when a person or business selling specified goods or services increases their prices significantly after a natural disaster or other state of emergency. Existing law prohibits selling or offering to sell certain goods or services for a price more than 10% greater than the price charged immediately prior to a declared state of emergency. (Pen. Code, § 396, subs. (b)-(e).) Specifically, this prohibition applies when the President of the United States or the Governor proclaims a state of emergency or when an authorized official, board, or other governing body in a county or city declares a local emergency. (*Ibid.*) Currently, price gouging is prohibited for 30 or 180 days after an emergency is declared, depending on the goods or services at issue. (*Ibid.*) A violation of the prohibition is punishable as a misdemeanor by up to one year in county jail or a fine of \$10,000, or by both. Price gouging is also an unlawful business practice that can be civilly enforced by specified public prosecutors or through a private right of action. (Pen. Code, § 396, subd. (i).)

This bill would make several changes to California’s price gouging statute. First, and most notably, it would apply the price gouging prohibitions pertaining to hotel and motel price increases, rental price increases, and evictions of tenants of residential housing not only to all counties in the proclamation or declaration of emergency but counties within a 25-mile radius of the counties in the proclamation or declaration of emergency.

Depending on the county affected, the geographic area proposed by this bill may be significant. For example, Los Angeles County is one of the nation’s largest counties, encompassing 4,084 square miles.¹ Counties within a 25 mile radius of Los Angeles’ borders include adjacent counties such as Ventura County (2,208 square miles),² Kern County (8,161 square miles),³ San Bernardino County (20,160 square miles),⁴ and Orange County (948 square miles).⁵ The total area covered here is 35,561 square miles— roughly a fifth of the geographic size of California.⁶ By comparison, the states of West Virginia, Maryland, Hawaii, Massachusetts, Vermont, New Hampshire, New Jersey, Connecticut, Delaware, and Rhode Island are all smaller in size than the area which would be covered under this example.⁷ As drafted, an emergency declaration in one county would mandate specified price gouging prohibitions in any counties within a 25 mile radius of that county. This may create confusion for businesses operating in a neighboring county within the 25 mile radius, but who may in fact be hundreds of miles away from the county experiencing a state of emergency, who may not be aware that they are subject to the price gouging restrictions associated with their neighboring county

¹ County of Los Angeles, *About LA County* (accessed July 6, 2025), available at: <https://lacounty.gov/government/about-la-county/about/>

² County of Ventura, *Ventura County Executive Office* (accessed July 6, 2025), available at: <https://www.ventura.org/county-executive-office/about-us/>

³ Apple Maps, *Kern County* (accessed July 6, 2025), available at: <https://maps.apple.com/place?aid=5609905159221694280&address=Kern+County%2C+CA%2C+United+States&coordinate=35.3466288%2C-118.7295064&name=Kern+County&lsp=7618>

⁴ San Bernardino County, *County Snapshot* (accessed July 6, 2025), available at: <https://selectsbcounty.com/county-snapshot>

⁵ Apple Maps, *Orange County* (accessed July 6, 2025), available at: <https://maps.apple.com/place?aid=16450146479720451860&address=Orange+County%2C+CA%2C+United+States&coordinate=33.6756872%2C-117.7772068&name=Orange+County&lsp=7618>

⁶ World Atlas, *US States by Size* (accessed July 6, 2025), available at: <https://www.worldatlas.com/geography/us-states-by-size.html>

⁷ *Ibid.*

Further, the duration of a state of emergency or a local emergency can often be lengthy, and may last years. The Governor's Office of Emergency Services (CalOES) website contains a list of states of emergency proclaimed by the Governor. As of June 18, 2025, there are over 50 open state of emergency proclamations, covering not only fires and storms, but also bird flu, extreme heat events, and tree mortality.⁸ Some of these proclamations of states of emergency have been in effect for years. The vast majority of counties in the state have some state of emergency in effect.⁹ Given the number of emergency proclamations in effect, and the expansive application of this bill, effectively this may impose price gouging restrictions and penalties across the vast majority of the state. Committee amendments seek to remedy this issue, but the author may wish to consider further limiting the scope of this expansion.

Second, this bill would clarify that an extension of the price gouging protections authorized by the Governor may be terminated by a concurrent resolution of the Legislature declaring it at an end. As referenced above, price gouging protections usually last for a specified period of days, depending on the goods or services sold. Additionally, price gouging prohibitions may be extended by a local legislative body, local official, the Governor or the Legislature beyond the initial 30 or 180 days where necessary to protect the lives, property, or welfare of citizens, although an extension by a local body cannot exceed 30 days. (Pen. Code, § 396, subd. (g).) For example, on March 7, 2025, Governor Newsom extended price gouging protections in response to the fires in Los Angeles.¹⁰ The Los Angeles County Board of Supervisors recently voted to extend rental price gouging protections, which were set to expire on July 1, 2025.¹¹

- 3) Expanding the Search Warrant Statute to Include Misdemeanor Price Gouging:** Both the United States and the California Constitutions guarantee the right of all persons to be secure from unreasonable searches and seizures. (U.S. Const., amend. IV; Cal. Const., art. 1, sec. 13.) This protection applies to all unreasonable government intrusions into legitimate expectations of privacy. (*United States v. Chadwick* (1977) 433 U.S. 1, 7, overruled on other grounds by *California v. Acevedo* (1991) 500 U.S. 565.) In general, a search is not valid unless it is conducted pursuant to a warrant. A search warrant is a written order, signed by a magistrate, directed to a peace officer, commanding them to search for a person, thing, or personal property, and, in the case of a thing or things or personal property, bring the same before the magistrate. (Pen. Code, § 1523.) A search warrant may not be issued without probable cause. "Reasonable and probable cause exists if a man of ordinary care and prudence would be led to conscientiously entertain an honest and strong suspicion that the accused is guilty." (*People v. Alvarado* (1967) 250 Cal.App.2d 584, 591.) Probable cause supported by affidavit, naming or describing the person to be searched or searched for, and particularly describing the property, thing, or things and the place to be searched. (Pen. Code, § 1525.) The mere reasonableness of a search, assessed in light of the surrounding circumstances, is not a substitute for the warrant required by the Constitution. (*Arkansas v. Sanders* (1979) 442 U.S. 753, 758, overruled on other grounds by *California v. Acevedo*, supra.) There are exceptions to the warrant requirement, but the burden of establishing an

⁸ Governor's Office of Emergency Services, *Open State of Emergency Proclamations* (accessed June 18, 2025), available at: <https://www.caloes.ca.gov/office-of-the-director/policy-administration/legal-affairs/emergency-proclamations/>

⁹ Governor Gavin Newsom, *Governor Newsom extends protections for LA firestorm survivors* (March 7, 2025), available at: <https://www.gov.ca.gov/2025/03/07/governor-newsom-extends-protections-for-la-firestorm-survivors/>

¹¹ Julie Sharp, *LA County Board of Supervisors votes to extend rent protections for wildfire victims* (June 25, 2025), available at: <https://www.cbsnews.com/losangeles/news/la-county-board-of-supervisors-votes-to-extend-rent-protections-for-wildfire-victims/>

exception is on the party seeking one. (*Arkansas v. Sanders* (1979) 442 U.S. 753, 760, overruled on other grounds by *California v. Acevedo*, supra.)

The search warrant statute has significantly expanded over the last two decades and currently includes 21 different bases for issuing a search warrant. Under Penal Code section 1524, a search warrant may be issued “[w]hen property or things were used as the means of committing a felony.” (Pen. Code, § 1524, subd. (a)(2).) Other provisions authorize a search warrant regardless of whether the crime was a felony or misdemeanor, such as “[w]hen the property was stolen or embezzled.” (Pen. Code, § 1524, subd. (a)(1).) Additionally, Penal Code section 1524 provides that a search warrant may be issued “[w]hen the property or things are in the possession of any person with the intent to use them as a means of committing a public offense,” which includes misdemeanors and infractions (Pen. Code, §§ 1524, subd. (a)(3) & 16.) This bill creates another statutory basis to issue a search warrant. Specifically, it authorizes a search warrant “when the property or things to be seized consists of evidence that tends to show that [price gouging] has occurred or is occurring.” This search warrant authorization is specific to price gouging violations pertaining to hotel and motel price increases, rental price increases, and evictions of tenants of residential housing.

The need to expand the search warrant statute to include a class of misdemeanor crimes is unclear. In the aftermath of the January 2025 fires, there were thousands of complaints of price gouging in Los Angeles County.¹² In March 2025, the Attorney General announced that, “[i]n addition to sending over 700 warning letters to hotels and landlords, the California Department of Justice has several active investigations into price gouging.”¹³ The Attorney General’s Office subsequently announced the filing of charges against individuals suspected to have engaged in price gouging.¹⁴ In June 2025, The Los Angeles Times reported that the Attorney General filed his fourth price gouging charge against a real estate agent that allegedly increased the price of a Beverly Hills rental by more than 30 percent.¹⁵ Similarly, the Los Angeles City Attorney recently filed both a criminal and civil actions against a global

¹² Jack Flemming, *Price-gouging charges slowly mount after the fires, but some say it’s not enough* (June 20, 2025), available at: <https://www.latimes.com/california/story/2025-06-20/here-are-the-people-and-companies-charged-with-price-gouging-in-the-wake-of-the-l-a-fires#:~:text=California%20Atty.-,Gen.,10%25%20after%20a%20natural%20disaster>.

¹³ State of California Department of Justice, *Attorney General Bonta Issues Consumer Alert Following Extension of Price Gouging Protections Until July 1, 2025* (March 7, 2025), available at: <https://oag.ca.gov/news/press-releases/attorney-general-bonta-issues-consumer-alert-following-extension-price-gouging>

¹⁴ State of California Department of Justice, *Attorney General Bonta Files Charges Against a Southern California Real Estate Agent for Price Gouging Eaton Fire Victims* (January 22, 2025), available at: <https://oag.ca.gov/news/press-releases/attorney-general-bonta-files-charges-against-southern-california-real-estate#:~:text=As%20part%20of%20Attorney%20General,been%20accused%20of%20price%20gouging>; State of California Department of Justice, *Attorney General Bonta Charges Second Los Angeles Realtor for Price Gouging Victims of Eaton Fire* (January 28, 2025), available at: <https://oag.ca.gov/news/press-releases/attorney-general-bonta-charges-second-los-angeles-realtor-price-gouging-victims>; State of California Department of Justice, *Attorney General Bonta Files Charges Against Los Angeles Real Estate Agent, Landlord for Price Gouging in Wake of Eaton Fire* (February 18, 2025), available at: <https://oag.ca.gov/news/press-releases/attorney-general-bonta-files-charges-against-los-angeles-real-estate-agent>.)

¹⁵ Jack Flemming, *Price-gouging charges slowly mount after the fires, but some say it’s not enough* (June 20, 2025), available at: <https://www.latimes.com/california/story/2025-06-20/here-are-the-people-and-companies-charged-with-price-gouging-in-the-wake-of-the-l-a-fires#:~:text=California%20Atty.-,Gen.,10%25%20after%20a%20natural%20disaster>.

rental corporation who is alleged to have engaged in price gouging after the fires.¹⁶ However, such charges may only be targeting a small fraction of the received complaints.¹⁷

The author's background information and statement does not discuss the need for this expansion. Moreover, this committee has not received any letters from prosecutors or law enforcement organizations citing the need for this expanded warrant authority.

Additionally, this bill would require housing listing platforms, during the 30 days following the proclamation or declaration of a state of emergency, to take specific actions including, among other things, providing a means, including a link to a dedicated web page, online portal, or email address on the housing listing platform, by which law enforcement can submit law enforcement requests, including warrants, subpoenas, and other legal processes, and related timelines for response. The author may wish to clarify that the means "to submit law enforcement requests, including warrants" must still comply with existing statutory procedures that apply to serving and administering warrants. (See Pen. Code, § 1524 et. seq.)

- 4) **Argument in Support:** According to *Consumer Attorneys of California*, "[SB 36] strengthens California's price gouging laws during a state or local emergency.

"The recent fires in Southern California have underscored a serious problem—unscrupulous actors exploiting vulnerable residents by drastically inflating the cost of housing and lodging. Victims already displaced by disasters are being further harmed by price gouging that often amounts to thousands of dollars above standard rental rates.

"SB 36 addresses this urgent issue by improving enforcement tools and expanding consumer protections. Specifically, the bill:

- Increases civil penalties for those who take advantage of displaced victims;
- Allows victims to bring their own legal actions and seek additional damages;
- Requires online housing platforms to alert law enforcement, adopt user policies, and offer reporting mechanisms for price gouging violations;
- Grants public prosecutors warrant authority to investigate housing-related price gouging;
- Expands price gouging protections to include counties within a 50-mile radius of the affected area.

"These measures represent a comprehensive and necessary response to ensure that Californians are not exploited during their most vulnerable moments. SB 36 will empower both law enforcement and individual consumers to hold bad actors accountable, while setting a higher standard of corporate responsibility during emergencies."

- 5) **Argument in Opposition:** According to the *California Public Defenders Association*, "Under existing law price gouging may be punished with a civil fine or, pursuant to Penal Code section 396, a misdemeanor.

¹⁶ Los Angeles City Attorney's Office, *LA City Attorney Hydee Feldstein Soto Files Civil Suit and Criminal Charges to Fight Price Gouging in Wake of LA Wildfires* (February 4, 2025), available at: [https://cityattorney.lacity.gov/updates/la-city-attorney-hydee-feldstein-soto-files-civil-suit-and-criminal-charges-fight-price.](https://cityattorney.lacity.gov/updates/la-city-attorney-hydee-feldstein-soto-files-civil-suit-and-criminal-charges-fight-price))

¹⁷ See *supra* note 13.

“The portion of the bill we object to is new subdivision (23) of Penal Code section 1524, which covers the issuance of search warrants. Subdivision 23 would be added to allow the issuance of a search warrant ‘*When the property or things to be seized consists of evidence that tends to show that a price gouging violation, as specified in subdivision (d), (e), or (f) of Section 396, has occurred or is occurring.*’

“As of 1991, Penal Code section 1524 was a relatively focused section authorizing the issuance of search warrant in only 5 instances. Those five instances, however, were very broad, covering all stolen or embezzled property, all felonies, child pornography, as well as a provision broadly allowing warrants to issue for evidence of property that is the means of committing a ‘public offense.’

“Penal Code section 1524 has wildly expanded and now has 21 subdivisions describing when search warrants may issue. This bill adds yet one more. This continued expansion is concerning.

“The current bill may prove to be unnecessary. Although price gouging is a misdemeanor, it may well be that a bad actor does not limit this type of theft to misdemeanor values, but instead ventures into felony grand theft territory. Under current law, a search warrant may issue for evidence relating to a felony.”

6) Related Legislation:

- a) AB 380 (Gonzalez), would expand price gouging and eviction prohibitions to include commercial real property and would extend the period of protection during a state of emergency to either 180 days or 365 days following the emergency declaration or proclamation. AB 380 is pending a hearing in Senate Public Safety Committee.
- b) AB 299 (Gabriel), would provide, until January 1, 2031, that a guest of a lodging shall not have their continued occupancy constitute a new tenancy and shall not be considered a person who hires for purposes of existing law governing tenancy and unlawful detainer proceedings if the guest is living in the lodging as a result of their prior housing being damaged, destroyed, or otherwise made uninhabitable by a disaster. AB 299 is pending a hearing in Senate Judiciary Committee.
- c) SB 368 (Smallwood-Cuevas), would have required the Department of Justice and local prosecutors to establish partnerships to enforce the provisions the criminal price gouging statute. SB 368 was held in suspense Senate Appropriations Committee.

7) Prior Legislation:

- a) SB 1133 (Archuleta), of the 2021-22 Legislative Session, would have required an extension of price gouging protections, as defined, if they would apply to rental housing and the state of emergency has been in effect for over a year or more. SB 1133 bill was held in suspense in the Senate Appropriations Committee.
- b) SB 1212 (Caballero), of the 2021-22 Legislative Session, would have made it a misdemeanor, upon the proclamation or declaration of a state of emergency for any

temporary services employer to increase its non-labor costs, as defined, for health care personnel by more than 10%, except as specified. SB 1212 was held in the Senate Judiciary Committee.

- c) AB 1936 (Rodriguez), of the 2019-20 Legislative Session, would have specified that, for a proclamation or declaration of emergency made because of a public safety power shutoff or because of an announcement that a public safety power shutoff will occur, the restrictions on increased pricing apply for a period lasting until 72 hours after the restoration of power. AB 1936 was held in the Assembly Appropriations Committee.
- d) AB 3023 (Gabriel), of the 2019-20 Legislative Session, would have made price gouging protections applicable to a short-term lodging establishment, defined as any hotel, motel, bed and breakfast inn, or other similar lodging establishment. AB 3023 was referred to but did not receive a hearing in the Assembly Public Safety Committee.
- e) SB 1196 (Umberg), Chapter 339, Statutes of 2020, provided that, if a contractor or business did not offer an item or service prior to the state of emergency, they are not allowed to charge more than 50% more of the total cost of the item to consumers.
- f) AB 1919 (Wood), Chapter 631, Statutes of 2018, expanded the scope of the crime of price gouging by including rental housing that was not on the market at the time of the proclamation or declaration of emergency.

REGISTERED SUPPORT / OPPOSITION:

Support

California Rural Legal Assistance Foundation, INC.
Consumer Attorneys of California
Consumer Federation of California
Consumer Protection Policy Center/usd School of Law
Consumer Watchdog
Los Angeles County District Attorney's Office
Techequity Action

Oppose

California Business Roundtable
California Public Defenders Association

Analysis Prepared by: Ilan Zur / PUB. S. / (916) 319-3744