

PRICE GOUGING PREVENTION ACT OF 2022

American families who are already struggling to make ends meet during this public-health crisis should not be squeezed even further by companies out to boost profits. The outbreak of the coronavirus disease 2019 (COVID-19) has led to a surge in demand for—and shortage of—many essential consumer products. While several retailers have taken steps to maintain access to these products, there have been numerous reports of corporations taking advantage of the current crisis to prey on consumers by hiding behind rising inflation and raising prices by even more than necessary to cover any increases in their costs. In a recent [call with investors](#), the CEO of grocery chain Kroger noted that “a little bit of inflation is always good in our business.”

The *Price Gouging Prevention Act of 2022* would prohibit the practice of price gouging during all abnormal market disruptions—including the current pandemic—by authorizing the Federal Trade Commission (FTC) and state attorneys general to enforce a federal ban against unconscionably excessive price increases, regardless of a seller’s position in a supply chain. It also creates an affirmative defense to protect small businesses that must raise prices in good faith to earn a profit while establishing presumptions against dominant companies that brag about exploiting American consumers. Additionally, the bill strengthens and expands requirements for public companies to disclose changes in pricing strategies in their filings with the Securities and Exchange Commission (SEC) and grants new funding to the FTC.

Specifically, the *Price Gouging Prevention Act of 2022* would:

- **Prohibit price gouging at the federal level.** The proposed bill would allow the FTC and state attorneys general to enforce a new standard against sellers charging an unconscionably excessive price during periods of exceptional market shock. The bill clarifies that price gouging is illegal wherever it occurs in a supply chain or distribution network.
- **Create an affirmative defense for small businesses acting in good faith.** Local businesses often must raise prices during crisis events because they have little negotiating power with their price-gouging suppliers. This affirmative defense protects small businesses earning less than \$100 million from frivolous litigation if they show legitimate cost increases.
- **Target dominant companies that have exploited the pandemic to boost profits.** The bill would create a rebuttable presumption of price gouging against firms that exercise unfair leverage and companies that brag about increasing prices during periods of inflation.
- **Require public companies to clearly disclose costs and pricing strategies.** During periods of exceptional market shock, the bill requires public companies to transparently disclose and explain changes in their cost of goods sold, gross margins, and pricing strategies in their quarterly SEC filings.
- **Provide additional funding to the FTC.** The bill appropriates \$1 billion in funding to the FTC to carry out its work.