

## **PRICE GOUGING PREVENTION ACT OF 2024**

Big corporations took advantage of the COVID-19 pandemic to prey on consumers by “price gouging”: raising prices by even more than necessary to cover increases in their costs, and [hiding behind inflation](#) and supply chain disruptions to do it.

Now, the market shock of the pandemic has largely abated, and corporations’ costs are coming down and profits are rising. But for hardworking Americans, [prices remain high](#). The culprit? [Corporate price gouging](#). Prices for consumers have risen by 3.4 percent over the past year, but producers’ input costs have risen only 1 percent. Take diapers: prices for wood pulp, the main input for diapers, [declined by 25 percent last year](#), yet parents are still paying [higher and higher prices](#) for diapers. For many commodities and services, producers’ prices have actually decreased. Meanwhile, unchecked consolidation across nearly all sectors of the economy has enabled dominant players to [boost prices](#) with few consequences, disincentivizing new entrants and [harming consumers](#). Research shows that price gouging can—and does—occur even in the absence of a market shock.

The *Price Gouging Prevention Act of 2024* would prohibit corporate price gouging – whenever and wherever it happens. The bill would authorize the Federal Trade Commission (FTC) and state attorneys general to enforce a federal ban against grossly excessive price increases, regardless of a seller’s position in a supply chain. It would also create an affirmative defense to protect small businesses that raise prices in good faith to earn a profit, while establishing presumptions against dominant companies that brag about exploiting American consumers or exercise unfair leverage to get ahead. Additionally, the bill would strengthen requirements for public companies to disclose changes in pricing strategies during market shocks in their filings with the Securities and Exchange Commission (SEC).

Specifically, the *Price Gouging Prevention Act of 2024* would:

- **Prohibit price gouging at the federal level – anytime and anywhere.** The proposed bill would clarify that price gouging is an unfair and deceptive practice under the *FTC Act*. It would allow the FTC and state attorneys general to stop sellers from charging a grossly excessive price, regardless of where the price gouging occurs in a supply chain or distribution network.
- **Create an affirmative defense for small businesses acting in good faith.** Small and local businesses sometimes must raise prices in response to crisis-driven increases in their costs 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.