



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

## Sen. Hoylman-Sigal and AM Rozic's Public Comment to Attorney General's Office on Proposed Price Gouging Rules

BRAD HOYLMAN-SIGAL April 27, 2023

| ISSUE: **PRICE GOUGING**

Thank you for the opportunity to submit comments in response to the Advanced Notice of Proposed Rulemaking pursuant to N.Y. Gen. Bus. L. § 396-r(5). We write as the New York State Senate and Assembly sponsors of the legislation that created Section 396-r(5) in 2020 (Chapter 90) and on behalf of our constituents in Senate District 47, which stretches from Christopher Street to West 103rd Street in Manhattan, and Assembly District 25, which is located in Eastern Queens and includes Flushing, Queensboro Hill, Hillcrest, Fresh Meadows, Auburndale, Oakland Gardens, Bayside Hills, and Briarwood.

We introduced our legislation in 2020 to extend New York's price gouging statutes to the nefarious profiteering that occurred during the pandemic. Many New Yorkers can remember searching for medical or personal protective equipment (PPE) in the early days of the pandemic and finding face masks, hand sanitizer, or disinfectants at **double** or **triple** their usual price—if they found those items at all. Reporting later confirmed that **individuals** and **businesses** bought extreme quantities of essential goods in order to sell them at enormous profit, squeezing supply during a public health emergency.

But some of the most egregious pandemic profiteering occurred in the sale of life-saving medical devices and PPE to governments and hospitals supplying frontline health workers.

At the height of the pandemic, some corporations sold essential equipment at **over 1,000** percent the usual cost. This was especially true in New York, where **some hospitals** were charged \$7 for 50-cent hospital gowns, and \$25 for protective shields worth \$1.25. New York taxpayers bore the burden of this profiteering, as the state paid up to **15 times normal prices** for X-ray machines and other essential supplies in 2020.

Our legislation responded to these extreme price disparities by expanding New York's existing price gouging statute to cover the sale of medical devices and other essential goods to institutional buyers like local governments and hospitals. It forbade businesses from inappropriately increasing profit margins during abnormal market disruptions like pandemics and natural disasters and authorized the Attorney General to promulgate rules effectuating these provisions.

Unfortunately, shameful profiteering appears to have continued well past the pandemic's peak. New Yorkers saw the price of baby formula spike **300 percent** during last fall's nationwide shortage, and dozens of corporate executives have **openly admitted** to using inflation as a pretext to raise prices and **bloat profit margins**. This behavior extracts hard-earned money from working New Yorkers and **contributes to inflation** by artificially driving up prices and **endangering economic stability**.

We applaud the Attorney General for applying the full force of New York's price gouging law against such bad actors. The proposed rules would forbid industry-dominant firms from subtly raising their profit margins, provide New York businesses with a clear standard of acceptable price increases, and set crucial guidelines for firms that rely on dynamic pricing. This is the strong, decisive action our legislation was designed to enable and will provide much-needed relief to New Yorkers already facing record-high inflation.

Thank you for the opportunity to submit comments, and for your continued work on this issue.

STATE SENATOR BRAD HOYLMAN-SIGAL

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