

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1348

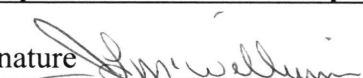
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1348

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-28-1999

Tape Number	Side A	Side B	Meter #
2	X		1.0 - 25.7
3	X		12.7 - 16.9
Committee Clerk Signature 			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on January 28, 1999.

Summary of the Bill: Relating to price gouging.

Testimony in Favor:

Representative Ekstrom, Appeared before the committee to introduce the bill and to submit written testimony which she read in it's entirety (**please refer to her testimony**). The Attorney Generals Office is here to offer amendments which I fully support.

Representative Kliniske, Is rental increases in the flood disaster considered price gouging or is that a different area.

Representative Klemin, Was the person with the pump asked to come there/requested, or was he there waiting to be asked to use them?

Ekstrom, They realized that these people were in deep trouble and came in from outside the state.

He would go to the small towns and tell the people not to worry that FEMA would pick up the tab.

Representative Klein, Was the agreement made with the individual as to the price before hand?

Ekstrom, No there was not.

Representative Hawken, What's considered fair over time and price gouging? This is a broad based bill for that type of deal.

Ekstrom, The attorney generals office has an amendment that will put a cap on this.

Representative Klemin, Subsections 2 and 3. This could cause some problems.

Representative S. Kelsh, Appeared before the committee and stated that he supported this bill and anything that would bring people to the table.

Dave Huey, Attorney Generals Office stated that they support a narrowly tailored price gouging stature. It's economics versus moral aspects, but there should be some practical limits. What is the appropriate mechanism to achieve this? I would suggest that our office would be willing to work with you on this.

Representative Klein, This bill and amendment would leave a lot of wide open areas that I suspect could get tied up in the courts. Has this been copied from another source?

Huey, My language of amendments is from the Grand Forks City Council and I presume that the legislative council did the bill.

Representative Kliniske, How many states have this?

Huey, My guess would be $\frac{1}{4}$ to $\frac{1}{2}$ of the states do.

Representative Fairfield, I see this as a no brainier and it's a deterrent.

Representative Klemin, Subsections 2 and 3 this is really leaving it open.

Huey, I wouldn't argue with that. There might be a better way of doing it.

Representative Devlin, Can't you go after them under present statues and is there anything under federal law?

Huey, We could make an argument for that, but it has never been tested.

Representative Hawken, Does realistic prices include profit?

Huey, Yes it would. I have just been informed that the Grand Forks Council didn't pass that ordinance that my language is based on.

Testimony in Opposition:

Jess Cooper, Greater ND Association stated that he isn't opposed, but at some point you have to ask questions. Line 7 where it talks about the same market area and I would like to see the definition of market area.

Ron Ness, ND Retailers and Petroleum Marketers stated that principals of business is supply and demand. This whole thing is based on the disaster in Grand Forks. What about all the other disasters we encounter--drought, snow removal etc. Who sets their overhead costs.

Representative Klein, Closed the hearing on HB 1348.

Representative Klein, Instructed the committee to move on to HB 1348.

Representative Haas, Made a motion for a Do Pass on the amendments.

Representative Kliniske, Seconded the motion.

Motion Passes: Yes (vocal).

Representative Klemin, Made a motion to further amend lines 12 - 16.

Representative Grande, Seconded the motion.

Page 4

House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1348

Hearing Date 1-28-1999

Motion Fails: No (vocal).

Representative Haas, Made a motion for a Do Not Pass on the 1st amendment and bill (amended bill).

Representative Grande, Seconded the motion.

Motion Passes: Do Not Pass **9-5-1**.

Representative Devlin, Is the carrier for the bill.

PROPOSED AMENDMENTS TO HOUSE BILL 1348

Page 1, line 8, remove "the value" and insert after the comma "a price may be increased if the increase is based on actual increases in the cost of acquiring, producing, selling, transporting, or delivering the actual product or service sold, including labor costs."

Page 1, remove line 9

Page 1, remove line 10

Page 1, remove line 11

Renumber accordingly.

LC-1-29

Date: 1-28-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1348

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS AMENDED BILL

Motion Made By HAAS Seconded By GRANDE

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH		✓
VICE-CHAIR KLINISKE	✓				
REP. BREKKE					
REP. CLEARY		✓			
REP. DEVLIN	✓				
REP. FAIRFIELD		✓			
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER		✓			
REP. METCALF		✓			
REP. THORESON	✓				

Total (Yes) 9 No 5

Absent 1

Floor Assignment DEVLIN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1348: Government and Veterans Affairs Committee (Rep. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1348 was placed on the Sixth order on the calendar.

Page 1, line 8, replace "the value" with "a price may be increased if the increase is based on actual increases in the cost of acquiring, producing, selling, transporting, or delivering the actual product or service sold, including labor costs."

Page 1, remove lines 9 through 11

Renumber accordingly

1999 TESTIMONY

HB 1348

TESTIMONY FOR HB1348 - PRICE GOUGING DURING TIMES OF DECLARED EMERGENCY OR DISASTER

GOOD MORNING CHAIRMAN KLEIN AND MEMBERS OF THE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

My name is Mary Ekstrom; I represent District 11 in south central Fargo. I am here to present HB 1348 which prohibits Price Gouging during times of declared emergency or disaster and provides a penalty.

I think all North Dakotan's remember the devastating Winter of 1996-97. Most neighbors, friends, and business owners selflessly pitched in to help one another. North Dakota is known for how its citizens treat one another.

Unfortunately, we also had our share of folks (mostly from out of state) who took our misfortune as an opportunity to make a fast buck.

This bill is **not** intended to harm those who were making honest profits during our disaster. There are provisions in the bill to allow reasonable costs and overhead to be added. After all, there were special deliveries and orders and hours of overtime for a variety of goods and services. These were fair charges. We do not intend any penalty for costs that were legitimately incurred and passed along.

But as I said there were those who took advantage and charged tens of thousands of dollars for short term pump rentals and other goods and services - who gouged prices because people were desperate and had no where else to turn.

The Attorney General's office is here to testify, as are others. The Attorney General's office received inquiries from citizens who felt that they were being badly overcharged. The Attorney General told these citizens that there was no law against gouging. This measure would provide relief and would serve as a deterrent.

North Dakota is a land of ever changing - unpredictable weather. It is not a question of whether we will have another tornado or flood - but when.

I hope you will support HB 1348. I will try to answer any questions you may have.

OFFICE OF MAYOR
PATRICIA A. OWENS

City of Grand Forks

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FAX # (701) 772-0266

Written Testimony
Mayor Patricia A. Owens
City of Grand Forks
House Bill No. 1348
Fifty-sixth Legislative Assembly of North Dakota
January 28, 1999

Dear Chairman and Members of the Committee:

As Mayor of the City of Grand Forks, I submit for your consideration my written support of House Bill 1348. As you are aware, the community of Grand Forks and other communities in eastern North Dakota, were inundated by the Red River in the spring of 1997. Subsequent to the flood of 1997, residents faced an immediate need to replace electrical systems, furnaces, appliances, furniture, clothing, household items and untold amounts of construction materials. Residents also required immediate help with the re-installation of mechanical systems to make their homes livable, many of these mechanical systems requiring licensed technicians to accomplish the work.

During an 18-month period following the 1997 flood, my office responded to approximately 120 reports by residents of being overcharged for materials and mechanical services, poor construction work or failure to complete work that had already been paid for. Many of these incidents were handled through mediation with the parties involved, referrals to the North Dakota Attorney General Consumer Fraud Division or referral to the Small Claims division of the local court. My office still occasionally receives second hand accounts from residents of dissatisfaction with construction or mechanical services that they received.

As Grand Forks approached the 1997 flood, we organized our flood-fight, and as the waters topped our dikes, we organized our evacuation. House Bill 1348 helps all North Dakotans organize their financial emergency after a disaster. This Bill brings value and assurance to all North Dakotans that their difficult situation after a flood, tornado or other unforeseen natural disaster will not be made worse.

Thank you for this opportunity to submit to the Committee my support of this very important bill.

Sincerely,

Patricia A. Owens
Mayor