
A BILL FOR AN ACT

RELATING TO PETROLEUM PRICE GOUGING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Hawaii's geographic isolation has made it
2 particularly vulnerable to high gas prices, particularly during
3 abnormal disruptions of the petroleum market. Gasoline is one
4 product that consumers cannot do without. No one should be
5 allowed to take advantage of abnormal market conditions to gouge
6 Hawaii consumers of this precious resource.

7 Due to recent catastrophic events, the cost of petroleum
8 has become a concern for consumers nationally and locally. The
9 purpose of this Act is to protect Hawaii consumers from price
10 gouging in the purchase of petroleum during periods of abnormal
11 disruption of the marketplace caused by extraordinary adverse
12 circumstances.

13 Currently, absent a local natural disaster, and the
14 effectuating provisions of chapter 209, Hawaii Revised Statutes,
15 the only way that the State can prosecute someone for price
16 gouging is pursuant to the unfairness doctrine of chapter 480,
17 Hawaii Revised Statutes. This Act will enhance that enforcement
18 authority by specifically making it an unfair or deceptive trade



1 practice for any petroleum-related business to sell or offer to
2 sell any petroleum product for an amount that represents an
3 unconscionably excessive price during any abnormal disruption of
4 the market, whether it occurred in Hawaii or in other parts of
5 the world.

6 SECTION 2. The Hawaii Revised Statutes is amended by
7 adding to title 26 a new chapter to be appropriately designated
8 and to read as follows:

9 "CHAPTER

10 PETROLEUM PRICE GOUGING

11 § -1 **Petroleum price gouging as unfair or deceptive act**
12 **or practice.** (a) It shall constitute an unfair or deceptive
13 act or practice in the conduct of any trade or commerce under
14 section 480-2 for any petroleum-related business to sell or
15 offer to sell any petroleum product for an amount that
16 represents an unconscionably excessive price during any abnormal
17 disruption of the market. For purposes of this section,
18 "abnormal disruption of the market" means any change in the
19 market resulting from an actual or imminently threatened stress
20 of weather, convulsion of nature, failure or shortage of
21 electric power or other source of energy, strike, civil
22 disorder, war, military action, or national or local emergency.



1 (b) A price is unconscionably excessive if the amount
2 charged represents a gross disparity between the price of the
3 petroleum product and

4 (1) The price at which the same grade of petroleum product
5 was sold or offered for sale by the petroleum-related
6 business in the usual course of business immediately
7 prior to the onset of the abnormal disruption of the
8 market; or

9 (2) The price at which the same or similar grade of
10 petroleum product is readily obtainable by other
11 buyers in the trade area;

12 and the disparity is not substantially attributable to increased
13 prices charged by suppliers to the petroleum-related business or
14 increased costs attributable to market forces beyond the control
15 of the petroleum-related business selling or offering to sell
16 the petroleum product."

17 SECTION 3. This Act shall take effect upon its approval.

Report Title:

Gas; Prevention of Price Gouging

Description:

Creates a new chapter to protect Hawaii consumers from price gouging in the purchase of petroleum during periods of abnormal disruption of the marketplace caused by extraordinary adverse circumstances. (SD1)

