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## 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 that triggers  
14 the provisions of chapter 209, Hawaii Revised Statutes, the only  
15 way that the State can prosecute someone for price gouging is  
16 pursuant to the unfairness doctrine of chapter 480, Hawaii  
17 Revised Statutes. This Act will enhance the state's enforcement  
18 authority under chapter 480 by specifically making it an unfair



1 or deceptive trade practice for any petroleum-related business  
 2 to sell or offer to sell any petroleum product for an amount  
 3 that represents an unconscionably excessive price during any  
 4 abnormal disruption of the market, whether it occurred in Hawaii  
 5 or in other parts of 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 **Short title.** This chapter shall be known and may  
 12 be cited as the "Petroleum Price Gouging Act of 2007."

13 § -2 **Petroleum price gouging as unfair or deceptive act**  
 14 **or practice.** (a) It shall constitute an unfair or deceptive  
 15 act or practice in the conduct of any trade or commerce under  
 16 section 480-2 for any petroleum-related business to sell or  
 17 offer to sell any petroleum product for an amount that  
 18 represents an unconscionably excessive price during any abnormal  
 19 disruption of the market.

20 For purposes of this section, "abnormal disruption of the  
 21 market" means any change in the market resulting from an actual  
 22 or imminently threatened stress of weather, convulsion of



1 nature, failure or shortage of electric power or other source of  
2 energy, strike, civil disorder, war, military action, or  
3 national or local emergency.

4 (b) A price is unconscionably excessive if the amount  
5 charged represents a gross disparity between the price of the  
6 petroleum product and:

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

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

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

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

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JAN 23 2007

**Report Title:**

Petroleum; prevention of price gouging

**Description:**

Prohibits the sale of any petroleum product for an unconscionably excessive price during any abnormal disruptions of the market as an unfair or deceptive act or practice in the conduct of any trade or commerce under section 480-2.

