



IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

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PRICE GOUGING GENERAL FACT SHEET UNDER IAC 31.1 (714)

- Merchandise Included:** Covered merchandise includes, but is not limited to, water, food, medicines, sanitation supplies, utilities, building materials, and materials, goods, or services for cleanup or repair.
- “Excessive Price:”** A price that is not justified by the seller’s actual costs of acquiring, producing, selling, transporting, and delivering the actual product sold, plus a reasonable profit.
- Application:** The prohibition on charging excessive prices applies to all sellers of merchandise, which include but are not limited to brick and mortar stores, suppliers, internet stores, sales on social media sites, e.g. Craigslist, Facebook, buy/sell online marketplaces, and includes the acceptance of bids for excessive prices for covered merchandise.
- Geographic and Temporal Scope:** Price-gouging prohibitions apply within an area declared to be a disaster area during the period of any declaration of emergency and for the subsequent recovery period. This currently covers the entire State of Iowa. “Subsequent recovery period” is that period when the disaster continues to cause market disruptions in the disaster area, but shall not exceed six months from the date of the declaration of emergency.
- Unfair Practices:** Charging an excessive price in violation of the anti-price-gouging rule is an “unfair practice” under the Iowa Consumer Fraud Act, Iowa Code section 714.16, and is subject to all penalties provided in the Act.
- Penalties:** Civil action penalties include, but are not limited to court-ordered injunctive relief to stop excessive prices, restitution to persons harmed by excessive pricing, disgorgement of profits, and civil

penalties not to exceed \$40,000 per violation pursuant to Iowa Code section 714.16

IAC Presumption:

The Iowa Administrative Code states that an excessive price shall be presumed from a substantial increase in the price of any merchandise over the price at which the merchandise was sold or offered for sale in the usual course of business immediately prior to the onset of the emergency **OR** from a substantial increase in the markup from cost if wholesale prices or costs have increased.

Per Se Violations:

The Iowa Administrative Code states that a per se violation of the Iowa Consumer Fraud Act (Iowa Code section 714.16 et seq.) exists when it is shown that a person has charged an excessive price for merchandise to be provided to persons within an area declared to be a disaster area during the period of any declaration of emergency and for the subsequent recovery period.

Relevant Dates:

U.S. Dept. of Health and Human Services declared a national public health emergency due to COVID-19 on January 31, 2020, retroactive to January 27, 2020, under section 319 of the Public Health Service Act (42 U.S.C. 247d).

President Trump declared a national emergency on March 13, 2020, beginning March 1, 2020, due to COVID-19 under the National Emergencies Act 50 U.S.C. 1601 et seq.

Iowa Gov. Kim Reynolds issued a State of Iowa Disaster Emergency for the entire state on March 9, 2020 effective March 9, 2020, at 12:01 a.m. for 30 days unless sooner terminated or extended.

Governor Reynolds issued a State of Public Health Disaster Emergency on Tuesday March 17, 2020, effective immediately on March 16, 2020, to continue until April 16, 2020, at 11:59 p.m. unless sooner terminated or extended.

Governor Reynolds issued a State of Public Health Disaster Emergency on Sunday March 22, 2020, effective immediately to continue until March 31 at 11:59 p.m. unless sooner terminated or extended. (This shorter expiration date does not change the April 16 expiration date for the earlier declarations.)