July 14, 2026

The Honorable Josh Becker
California State Senate
1021 O Street, Suite 6520
Sacramento, CA 95814

RE: SB 493 (Becker) - Unlawful business practices: price gouging, as amended July 2, 2026 - Oppose

Dear Senator Becker:

On behalf of the listed organizations, we write to inform you that our organizations have taken an oppose position on SB 493, your bill that, as amended, would add "war," as defined, to the list of disasters under Penal Code Section 396 for which the Governor or local governments may declare a state of emergency.

SB 493 would unjustly expand California's price-gouging law beyond the types of disasters for which Penal Code Section 396 was designed. If a state of emergency were declared because of "war," rents and the price of goods and services would be capped for the duration of the "war," even where the business, property, product, or service has no direct connection to the conflict.

Background: Traditional Disasters and Price Gouging vs Military Actions

The idea of protecting consumers from higher prices in times of disasters is premised on the idea that disasters affect market prices in extreme and potentially fatal ways. In other words, a disaster might cause the supply of a critical good (such as fresh water) to completely disappear at a moment when demand remains static (or grows) – leading to the potential for extreme price gouging. For example: after Hurricane Katrina, bottled water was reportedly sold for up to $99 in some locations.

In contrast with traditional disasters (such as fires or floods) that can threaten the ability of Californians to acquire *basic necessities* and survive on a day-to-day basis, we see military conflicts outside of the continental United States as decidedly different. Military conflicts can last months and even years, with no clear endpoint and no direct relationship to market conditions in California.

For example, increased gas prices tied to the conflict with Iran have affected consumers and businesses throughout the supply chain – but nothing similar to situations that occurred after true disasters, such as Hurricane Katrina or the LA Fires. Nevertheless, SB 493 responds by imposing broad price restrictions on businesses across the state, including housing providers and other businesses that are not causing the price increase and may themselves be facing higher costs. SB 493 adds another layer of complexity to an already difficult statute.

Consequences of SB 493 Across Industries

From a retail perspective, SB 493 would impose price controls during periods of global instability when supply chain costs such as fuel, transportation, and wholesale goods can rise rapidly. The rigid 10% cap under the Penal Code may not reflect these real-time increases, potentially preventing retailers from fully covering higher costs or maintaining inventory levels, which can limit consumer access to essential goods. Expanding Penal Code Section 396 to broadly defined “war” scenarios also creates compliance uncertainty and increases legal risk for retailers operating in good faith under volatile market conditions.

In the housing context, long-term emergency price caps can have unintended consequences. They discourage owners from making units available, limit the ability to account for increased operating costs, and further strain an already tight rental market. The protections should be targeted at actual exploitation during an emergency, not converted into open-ended price controls triggered by international events that California has no influence over.

SB 493 also extends itself beyond residential rentals to include repair and restoration services to commercial properties, building supplies, transportation and freight, and storage services. This language impacts self-storage facilities, warehouse/storage facilities, logistics firms, disaster restoration firms, and commercial property management firms providing needed services in times of actual emergencies.

We share the concern that consumers can be harmed by sudden price spikes. But SB 493 is not a targeted solution. It would broadly restrict prices across the economy, potentially for an extended period, without requiring a direct nexus between the emergency, the affected goods or services, and the alleged pricing conduct.

SB 493 would require the Attorney General to issue a written opinion. This does not resolve our concerns. Relying on an Attorney General opinion process will politicize what should be a clear legal standard. The scope of Penal Code Section 396 should not depend on a discretionary written opinion issued after a war-related emergency is proclaimed. The law should be clear on its face.

For these reasons, we respectfully urge you not to move forward with SB 493. Thank you for hearing our concerns.

Sincerely,

Debra Carlton, Executive Vice President State Public Affairs
California Apartment Association

Karim Drissi, Senior Vice President of Legislative Affairs
California Building Industry Association

Lynn S. Mohrfeld, President & CEO
California Hotel & Lodging Association

Ryan Allain, Vice President of Government Relations
California Retailers Association

Jennifer Svec-Williams, Vice President Public Policy & Advocacy
California Association of Realtors©

Christopher Wysocki, State Legislative Advocate
Western Manufactured Housing Communities Association

Louis Mirante, Senior Vice President of Public Policy
Bay Area Council

Robert Lapsley, President
California Business Roundtable

Zach Leary, Chief Lobbyist
Western States Petroleum Association

Rob Moutrie, Vice President for Policy
California Chamber of Commerce

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Skyler Wonnacott, VP of Government Relations
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Elizabeth Esquivel, Vice President of Government Relations
California Manufacturers & Technology Association

Rachael O'Brien

Rachael O'Brien, Vice President, Government Relations
California Grocers Association

Indira McDonald, KP Public Affairs
On behalf of California Mortgage Bankers Association

Jeffrey Hohman, Government Affairs Chair
California Association of Mortgage Professionals

cc: Assembly Appropriations Committee