PRICE GOUGING PREVENTION ACT OF 2025

Big corporations take advantage of market shocks by hiding behind inflation and supply chain disruptions to raise prices above what is necessary to cover cost increases, simply to expand their profit margins—in other words, to price gouge. Unfortunately, President Trump's on-again, off-again tariffs build an especially fertile environment for corporate price gouging: the uncertainty gives companies cover to raise prices on *all* goods, regardless of whether they are actually subject to new tariffs, higher and for longer than what is necessary to cover any cost increases. Indeed, dozens of companies have reported raising the prices of goods and services unaffected by Trump's tariffs. We saw corporations adopt this playbook during the COVID-19 pandemic. But this time, the culprit is not a deadly pandemic, it's the President—who:

- Said he "couldn't care less" if companies raise prices in response to his chaotic tariff policy;
- Ordered Jeff Bezos cover up tariff-related price hikes at Amazon; and
- Abandoned an FTC inquiry into surveillance pricing, a common price gouging tactic.

The risk of price gouging is especially acute in markets dominated by a few large companies, which can raise prices beyond what the normal rules of supply and demand would dictate in a competitive market. Indeed, big firms in highly consolidated industries may price gouge even in the absence of a market shock.

The *Price Gouging Prevention Act of 2025* would prohibit corporate price gouging—whenever and wherever it happens. The bill would authorize the Federal Trade Commission (FTC) and state attorneys general to enforce a federal ban against grossly excessive price increases, regardless of a seller's position in a supply chain. It would also create an affirmative defense to protect small businesses that raise prices in good faith to earn a profit, while establishing presumptions against dominant companies that brag about exploiting American consumers or exercise unfair leverage to get ahead. Additionally, the bill would strengthen requirements for public companies to disclose changes in pricing strategies during market shocks in their filings with the Securities and Exchange Commission (SEC).

Specifically, the *Price Gouging Prevention Act of 2025* would:

- **Prohibit price gouging at the federal level—anytime and anywhere.** The proposed bill would clarify that price gouging is an unfair and deceptive practice under the *FTC Act*. It would allow the FTC and state attorneys general to stop sellers from charging a grossly excessive price, regardless of where the price gouging occurs in a supply chain or distribution network.
- **Help enforcers establish when price gouging is occurring during a significant shift in trade policy.** The bill lists a set of exceptional market shocks—including an "abrupt or significant shift in trade policy"—and outlines a standard for a presumptive violation of the price gouging prohibition during such a shock, such as when companies brag about increasing prices.
- **Create an affirmative defense for small businesses acting in good faith.** Small and local businesses sometimes must raise prices in response to crisis-driven increases in their costs because they have little negotiating power with their price-gouging suppliers. This affirmative defense protects small businesses earning less than $100 million from frivolous litigation if they show legitimate cost increases.
- **Require public companies to clearly disclose costs and pricing strategies.** During periods of exceptional market shock, the bill requires public companies to transparently disclose and explain changes in their cost of goods sold, gross margins, and pricing strategies in their quarterly SEC filings.
- **Provide $1 billion in additional funding to the FTC to carry out its work.**