MEMORANDUM

To: Members of the House Committee on Economic Development and Small Business

From: Brian Shoaf, Detroit Regional Chamber
Marcus Keech, Grand Rapids Chamber
Mike Witkowski, Michigan Manufacturers Association
Leah Robinson, Michigan Chamber of Commerce
Amanda Fisher, NFIB
Kelli Saunders, Small Business Association of Michigan

Date: December 3, 2024

Subject: Business Groups Share Opposition to House Bills 5895-5897

We are writing to express our collective opposition to House Bills 5895-5897. While we share the sentiment that bad actors should not excessively increase prices, particularly in times of struggle, the legislation as introduced leaves many questions unanswered – questions about intent, application and implementation – specifically:

- **Timeline for compliance:** As written, businesses must ensure they do not charge a specific, increased amount "during or reasonably after" a state of emergency. The vague timeline created by this language ignores the basic principles of supply and demand and creates confusion for business owners, is not enforceable and subjects business practices to longer than necessary timelines. For example, due to the COVID-19 pandemic, Michigan was under a state of emergency for over a year, despite relaxed executive orders over gathering, shopping and work. However, under this language and using this example, a business would have to keep prices down, despite increased demand and/or decreased supply, for periods of time when it may no longer be necessary to continue this practice and for an undetermined amount of time following the emergency declaration.
    - Our request: During a prolonged state of emergency, clarify a timeline that businesses are expected to keep prices down. Furthermore, add specificity to "reasonably after a state of emergency" to ensure our good actors stay in compliance with the law.

- **Targeting Bad Actors:** Standard operating procedures for many businesses are to increase costs marginally and reasonably on a scheduled timeline or based on the market. For example, the price of an apple is approximately $0.70 cents and depending on the season, and availability of the type

of apple, costs may fluctuate. In this case, if the price fluctuates by 10%, consumers are looking at a seven-cent increase. If the threshold is capped at 10%, businesses may be forced to proactively increase the price of an item in preparation for an emergency declaration or limit the supply and therefore available consumer resources in which they bring into the store during a state of emergency. The intent of the legislation is to protect consumers from exploitative practices by bad actors, specifically those that ignore their standard practice and dramatically increase costs during a time of need, not practices that are normal for businesses to engage in. During COVID, media reports outlined increased costs of two-liter bottles of hand sanitizer – from $30 to $250. This increase was over 800% and encapsulates the markup this legislation intends to address. Instead, however, as introduced the bills punish good actors.

- Our request: Increase the mark-up threshold from 10% to 20% and/or include language that ensures bad actors are those that defy their normal business standards by excessively marking up the cost of products.

Thank you for your consideration of the above clarifications. If you have any questions, please do not hesitate to reach out.