

CALIFORNIA LEGISLATURE—2025-2026 SIMULATION SESSION

SENATE BILL

NO 54

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Introduced by Senator Henry Stern  
(Co-sponsors: Senator Mike McGuire,  
October 1, 2025)

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Businesses cannot raise rent massively if there is/isn't a state of emergency.  
LEGISLATIVE COUNSEL'S DIGEST

SB 54, as introduced, Stern. Affordability among Rent.

Under existing law, if a state of emergency is issued from the President of the United States, Governor or a local emergency by the executive officer of any county, city and for 30 days or 180 days it is a misdemeanor for a contractor, business, or person to sell certain goods or services for a price of more than 10% prior to the emergency.

This bill by January 1, 2026 that would require partnership from the Department of Justice and local prosecutors would put a hold on an increase of certain goods or services for a price of more than 5% if the county or city is under an emergency or not.

Under California constitution it requires for the state to reimburse local agencies and school districts mandated by the state.

The bill would follow the California constitution if the Commission of State Mandates that this bill contains costs mandated by the state and any reimbursements would be made pursuant to the statutory provisions.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1. California Penal Code Section 396 Section 1 (a) (b) (c) and (h) reads:**

. (a) The Legislature hereby finds that during a state of emergency or local emergency, including, but not limited to, an earthquake, flood, fire, riot, storm, drought, plant or animal infestation or disease, pandemic or epidemic disease outbreak, or other natural or manmade disaster, some merchants have taken unfair advantage of consumers by greatly increasing prices for essential consumer goods and services. While the pricing of consumer goods and services is generally best left to the marketplace under ordinary conditions, when a declared state of emergency or local emergency results in abnormal disruptions of the market, the public interest requires that excessive and unjustified increases in the prices of essential consumer goods and services be prohibited. It is the intent of the Legislature in enacting this act to protect citizens from excessive and unjustified increases in the prices charged during or shortly after a declared state of emergency or local emergency for goods and services that are vital and necessary for the health, safety, and welfare of consumers, whether those goods and services are offered or sold in person, in stores, or online. Further, it is the intent of the Legislature that this section be liberally construed so that its beneficial purposes may be served.

(b) Upon the proclamation of a state of emergency declared by the President of the United States or the Governor, or upon the declaration of a local emergency by an official, board, or other governing body vested with authority to make that declaration in any county, city, or city and county, and for a period of 30 days following that proclamation or declaration, it is unlawful for a person, contractor, business, or other entity to sell or offer to sell any consumer food items or goods, goods or services used for emergency cleanup, emergency supplies, medical supplies, home heating oil, building materials, housing, transportation, freight, and storage services, or gasoline or other motor fuels for a price of more than ~~10~~ 5 percent greater than the price charged by that person for those goods or services immediately prior to the proclamation or declaration of emergency, or prior to a date set in the proclamation or declaration. However, a greater price increase is not unlawful if that person can prove that the increase in price was directly attributable to additional costs imposed on it by the supplier of the goods, or directly attributable to additional costs for labor or materials used to provide the services, during the state of emergency or local emergency, and the price is no more than ~~10~~ 5 percent greater than the total of the cost to the seller plus the markup customarily applied by that seller for that good or service in the usual course of business immediately prior to the onset of the state of emergency or local emergency. If the person, contractor, business, or other entity did not charge a price for the goods or services immediately prior to the proclamation or declaration of emergency, it may not charge a price that is more than 50 percent greater than the cost thereof to the vendor as “cost” is defined in Section 17026 of the Business and Professions Code.

. (c) Upon the proclamation of a state of emergency declared by the President of the United States or the Governor, or upon the declaration of a local emergency by an official, board, or other governing body vested with authority to make that declaration in any city, county, or city and county, and for a period of 30 days following that proclamation or declaration, or any period the proclamation or declaration is extended by the applicable authority, it is unlawful for any person, business, or other entity, to ~~drastically~~ increase the rental price ~~if there is/isn't a state of emergency as defined in paragraph (11) of subdivision (j),~~ advertised, offered, or charged for housing, to an existing or prospective tenant, by more than ~~10-5~~ percent. However, a greater rental price increase is not unlawful if that person can prove that the increase is directly attributable to additional costs for repairs or additions beyond normal maintenance that were amortized over the rental term that caused the rent to be increased greater than ~~10-5~~ percent or that an increase was contractually agreed to by the tenant prior to the proclamation or declaration. It shall not be a defense to a prosecution under this subdivision that an increase in rental price was based on the length of the rental term, the inclusion of additional goods or services, except as provided in paragraph (11) of subdivision (j) with respect to furniture, or that the rent was offered by, or paid by, an insurance company, or other third party, on behalf of a tenant. This subdivision does not authorize a landlord to charge a price greater than the amount authorized by a local rent control ordinance.

(h) A violation of this section is a misdemeanor punishable by imprisonment in a county jail for a period not exceeding ~~one two year years,~~ by a fine of not more than ~~ten thousand dollars (\$10,000)~~ 10% of their personal earnings, or by both that fine and imprisonment.

SEC. 2. According to California Penal Code Section 396, businesses are prohibited from increasing rent by 10% during a state of emergency.

(a) A “state of emergency” can be wildfires, earthquake, floods, animal infestation or disease, or any emergency the Governor, President thinks is a threat to human life

- (b) “local emergency” means a manmade emergency or natural disaster such as earthquake, floods, fire, storm or a plant or animal infestation which a local official, board or other governing body vested with authority to make that declaration in any county, city in California.
- (c) **SEC. 3.** This bill by January 1, 2026, would lower the amount of rent that businesses are allowed to raise. Instead of 10% it would be lowered down to 5% and it wouldn’t matter if it was a state of emergency, businesses/individuals/tenants cannot raise rent by more than 5% per year. If businesses are to violate this bill, then they would be fined 10% of their own personal earnings or face up to 2 years of jail. However, it isn’t unlawful if there is an increase in rent of 5%, if there are additional costs for repairs or additional expenses beyond normal maintenance.

**SEC. 4.** The bill would run from January 1, 2026, up to January 1, 2036 but the Department of Justice and local prosecutors have to establish a partnership to enforce the provisions of California Penal Code Section 396

**SEC. 5.** The commission on State Mandates determines if this act contains costs mandated by the state, reimbursement to local agencies and school districts should be pursuant Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.