



ATTORNEY GENERAL WILLIAM TONG  
STATE OF CONNECTICUT

**Testimony in Support of *House Bill No. 6856,*  
*An Act Concerning the Attorney General's Recommendations Regarding Abnormal Market*  
*Disruptions, Precipitating Events and Consumer Product Disclosures*  
General Law Committee  
February 10<sup>th</sup>, 2025**

I appreciate the General Law Committee raising H.B. 6856 which would strengthen Connecticut's statute that protects consumers from price gouging and add new disclosure requirements related to shrinkflation.

Section 1 of this bill would require new disclosures around shrinkflation.

The term “shrinkflation” has been around since at least the 2008 financial crisis, when consumer product manufacturers and suppliers shrank their products while keeping prices the same or even increasing them. In some cases, producers changed their product design in a way that deceived consumers – for example by reducing the volume of a peanut butter jar by adding a dimple to the bottom of the jar.<sup>1</sup>

Although companies must update their labels to reflect product size changes, they are not currently required to advertise that they have made a change. Since the pandemic, price sensitive consumers have started to notice these changes—for example when they open their favorite box of crackers or bag of chips only to realize that the box or bag is only half full. This leaves consumers feeling deceived and like they are receiving less value for their hard-earned dollars.

Companies may change the size and packaging of their products for a variety of reasons, including quality improvements, making packaging more environmentally friendly, to offer consumers more size options or to increase their bottom lines.

Consumers should not feel deceived by their favorite brands, which is why section 1 of this bill would require certain suppliers to provide a clear and conspicuous notice for at least twelve months when reducing the quantity, amount, weight or size of a product without making a corresponding reduction to the price.

**To provide clarity and avoid unfairly burdening retailers for changes made by their suppliers, I would respectfully request that the Committee adopt the attached amendment to section 1 of the bill. This amendment would exclude retailers and establishments, like restaurants, who primarily sell food to the public for consumption. The attached amendment would apply this new disclosure requirement only to distributors, manufacturers, suppliers, packagers and wholesalers of “eligible food products” as defined by federal Supplemental Nutrition Assistance Program regulations. SNAP eligible food products include baby formula, breads, cereals, dairy products, meats and fish, non-alcoholic beverages, seeds and snacks.**

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<sup>1</sup> See [What Is Shrinkflation? Why Shoppers Are Getting Less for Their Dollar · Babson Thought & Action](#).



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Section 2 and 3 of this proposal would strengthen the state's price gouging statute.

Every year, the Office of the Attorney General receives dozens of requests that we investigate alleged price gouging. Just this fall, members of the legislature's bipartisan Prescription Drug Task Force lamented the fact that our Office has not investigated drug and medical supply price gouging. But there is a simple reason that our Office has not been able to take enforcement action in many of these cases: Connecticut's price gouging laws cover only a narrow set of circumstances and apply only to retailers.

H.B. 6856 would respond to consumer concerns by broadening the reach of the state's price gouging authority. It does this in three ways.

**First, the bill would add an additional trigger to the general price gouging statute, Conn. Gen. Stat. § 42-230.** Under current law, the state's authority to enforce the price gouging statute is only activated when the Governor or President has issued an emergency declaration. Section 2 of this proposal would permit the Attorney General, once he has consulted with the Commissioners of Consumer Protection and Economic and Community Development, to trigger the price gouging statute by issuing notice of an *abnormal economic disruption*, defined as:

a significant disruption in the production, supply, distribution, wholesale, or availability of a consumer necessity that (A) is caused by a natural or man-made disaster, or emergency, regardless of the location of such disaster or emergency, regardless of the location of such disaster or emergency and (B) causes ordinary competitive market forces to cease functioning normally.

Maine's price gouging statute has a similar trigger. This trigger would allow the Attorney General to bring price gouging investigations, for example, when there is a baby formula shortage like we saw in 2022 after a large American manufacturer halted production due to contamination concerns or intravenous fluid shortage as we saw this fall in the wake of flooding in North Carolina.

It is important to note that the price gouging authority activated by the proposed abnormal economic disruption trigger would be limited to consumer necessities—defined as products purchased by the state in order to ensure public health or safety of its residents, including food, diapers, baby formula, pharmaceutical products and prescription drugs.

**Second, the bill also provides a better legal standard for price gouging because the current one is unclear.** Under the current law, during a declared emergency, any increase in price that exceeds the price in the ordinary course of business is prohibited. Law-abiding businesses need better guidance, so this bill prohibits price increases that are “unconscionably excessive” which is a defined term in the statute. Some other states' price gouging statutes prohibit a percentage increase over the ordinary price. This is problematic because it provides would-be price gougers with a means to skirt the law and avoid prosecution. If a markup higher than 20% was the price gouging benchmark, violators could raise the price 19% and



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avoid liability. The “unconscionably excessive” standard will allow the Office of the Attorney General to be fair in enforcing the law.

**Third, and perhaps most significantly, the bill would allow the Office of the Attorney General initiate investigations and bring enforcement actions against those who supply retailers with products to sell to consumers.**

The current price gouging statute has an Achilles heel: it *only* applies to retailers. It does not cover suppliers, wholesalers, and rental and leasing businesses. This bill would remedy that shortcoming to allow for enforcement actions against the culpable parties within the chain of distribution. Price gougers should not be immune from liability when they victimize Connecticut consumers simply because they are not retailers.

During the pandemic, the Office of the Attorney General discovered that illegal price hikes were caused by sellers higher up the chain of distribution. However, we could not bring enforcement proceedings against the culpable parties because they were beyond the reach of the statute.

Price gouging at the retail level has been illegal in our state since 1986. Unfortunately, certain select bad actors will take advantage in a crisis, like the pandemic, and charge amounts they would never be able to obtain under normal circumstances. The current law presumes that the only bad actors are retailers. In fact, the opposite is true.

During the pandemic, a large number of the 750+ complaints that we received during the Governor’s emergency declarations concerned small retailers, often “Mom and Pop” store owners, who worked very hard to stock the shelves with items their customers desperately needed, like hand sanitizer and N95 masks. Time and again, these small business owners showed themselves to be caring, good people who sincerely wanted to help customers. Unfortunately, at times, these same people on the receiving end of public displays of frustration about spiking prices. These retail sellers were *not* responsible for those spikes and were not price gouging. There is no question that charging \$35 for 16 ounces of hand sanitizer is price gouging. In this scenario, we realized that it was a wholesaler, a supplier, or both who were jacking up the prices, forcing retailers to raise the price at the point of sale to obtain the same profit, or just come out even.

Similarly, we participated in a multistate investigation into high egg prices for a three-month period at the outset of the pandemic. At the time, retail prices for eggs were extremely volatile and, at times exceptionally high. After an initial investigation, it became clear that grocery stores were not price gouging. They were passing along the increased cost charged by someone up the chain. At that point, our Office had to end the inquiry because retailers were not the cause of the spike. We were unable, under our current price gouging law, to determine whether producers, wholesalers, and/or suppliers were responsible for the egg price spikes. Minnesota and New York opened investigations and favorably resolved the cases. Notably, the list of defendants in the New York action against a mega egg producer and distributor had a subsidiary operating in Connecticut. **Despite knowing that Connecticut consumers were being gouged, our Office was not able to act on their behalf.**



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Thank you for the opportunity to submit testimony in favor of H.B. 6856. For additional information, please contact Nate Kalechman, Director of Legislative Affairs for the Office of the Attorney General at [Nathan.Kalechman@ct.gov](mailto:Nathan.Kalechman@ct.gov).

Proposed Amendment to Section 1 of H.B. 6856

Section 1. (NEW) (*Effective July 1, 2025*)

(a) As used in this section,

- (1) “supplier” means a distributor, manufacturer, packager, supplier or wholesaler, of eligible food products, whether an individual, corporation or firm. A supplier shall not include a retailer or establishment that primarily sells food to the public for consumption, and
- (2) “eligible food product” means an eligible food product as defined by 7 CFR 271.2(1),

(b) No supplier shall downsize, or reduce the quantity, amount, weight or size of, any eligible food product unless such supplier:

(1) Reduces the price charged for such eligible food product by an amount that is commensurate with such downsizing or reduction; or

(2) Clearly and conspicuously discloses that such supplier has made such downsizing or reduction during the twelve-month period beginning on the date on which (A) the downsized eligible food product is first sold, or (B) the eligible food product is first sold in such reduced quantity, amount, weight or size.

(b) Any violation of the provisions of this section shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b of the general statutes. The Attorney General shall have (1) exclusive authority to enforce the provisions of this section on behalf of the state, and (2) for the purposes of this section, the authority to (A) order an investigation or examination pursuant to section 42-110d of the general statutes, and (B) take such other enforcement action under sections 42-110e to 42-110q, inclusive, of the general statutes as the Attorney General deems necessary.