

Legislative Oversight in North Carolina

*A special presentation
for New Members*

John Turcotte

Director

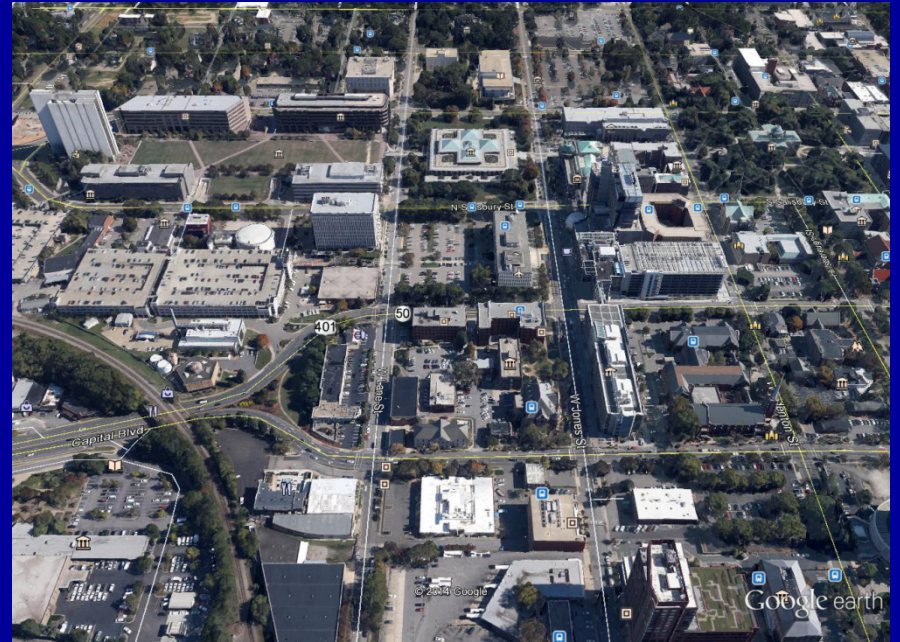
Program Evaluation Division

Legislative Services Office

North Carolina

Overview

- Oversight resulting from implementation problems with the *Disaster Victim Protection Act*
- Many Routes to Legislative Oversight
- Interaction between Program Evaluation Division and State Auditor



Triggering Events Test Effectiveness of Disaster Victim Protection Act

DWIGHT

September 12-13, 2015



DAGMAR

October 20, 2015



Price gouging alleged after Dwight and Dagmar

Victims alleged \$350 paid for \$129 generators

-\$5.00 per gallon gasoline

-\$10 for a 7-ounce can of Sterno fuel gel

New law may be ineffective

Police Chief: “We’re not auditors.”

By Stephanie Jones

Coast Gazette

sjones@cogazettenews.com

JACKSONVILLE. The Gazette received numerous allegations of price gouging in the aftermath of back-to-back hurricanes Dwight and Dagmar.

Bill Carter “desperately needed to save over \$1,800 of frozen seafood” in his Sand Hut café just after Dagmar. He jumped at the chance to pay \$350 a few hours after the storm for a generator to recharge his freezer and \$25 for five gallons of gasoline. “I would have paid more” to the man Carter reported was selling the generators from the back of a rented truck.

The generators retailed for \$129 in the Harbor Freight store in Wilmington before the storms according to store manager, Keith Dowdsold. Carter paid \$350 in cash for his.

Cecile Walsh, a single mother of three, paid \$20 for a 5-pound bag of rice and \$10 for a 7-ounce can of fuel gel. “We were hungry. The Red Cross hadn’t come around yet. The men came in 4-wheelers right after the storm selling bags of rice and everybody was buying it. I was able to boil it in bottled water with some Vienna sausage and feed us and the neighbors. I paid too much, but I the stores weren’t open. At the time, I didn’t care. Looking back, I feel cheated.”

The Gazette found that 5-pounds of rice sold for \$3.50 locally and 7 ounces of fuel gel for \$3 before the storms.



Onslow County Sheriff William Scott said that while he “sympathized with victims, (his officers) had more serious life safety concerns—looting for instance.”

Snellville Police Chief Donald Anderson said his officers were not certain what constituted price gouging and what was caused by extra costs for transporting goods passed on to buyers. “We’re not auditors. Besides, after we heard complaints, we found the victims couldn’t identify the guys who supposedly had done it who left the state.”

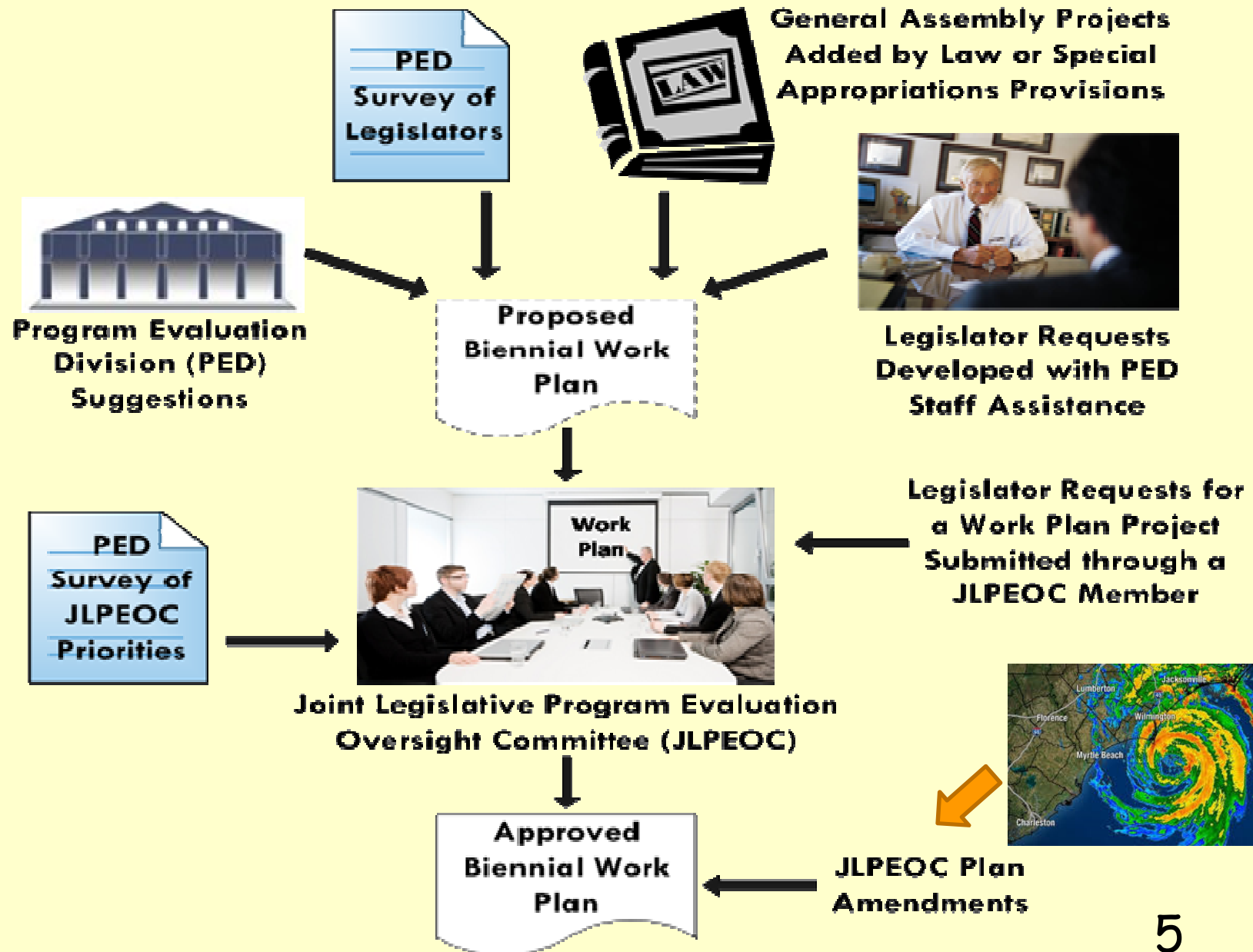
New law ineffective?

Ironically, Senate Bill 100 passed by the 2015 General Assembly was supposed to prevent the alleged price gouging, according to General Assembly staff.

In addition to requiring state emergency management officials to distribute literature and make public announcements about price gouging scams, the law also required development by the Department of Public Safety of a database of previous violators. Agencies reported that both have taken these steps.

State Senator Elbert Hilliard from Snellville where damage was most severe said he will ask for a legislative study. “The law needs more definition of gouging and clarity as to which agencies have enforcement jurisdiction.”

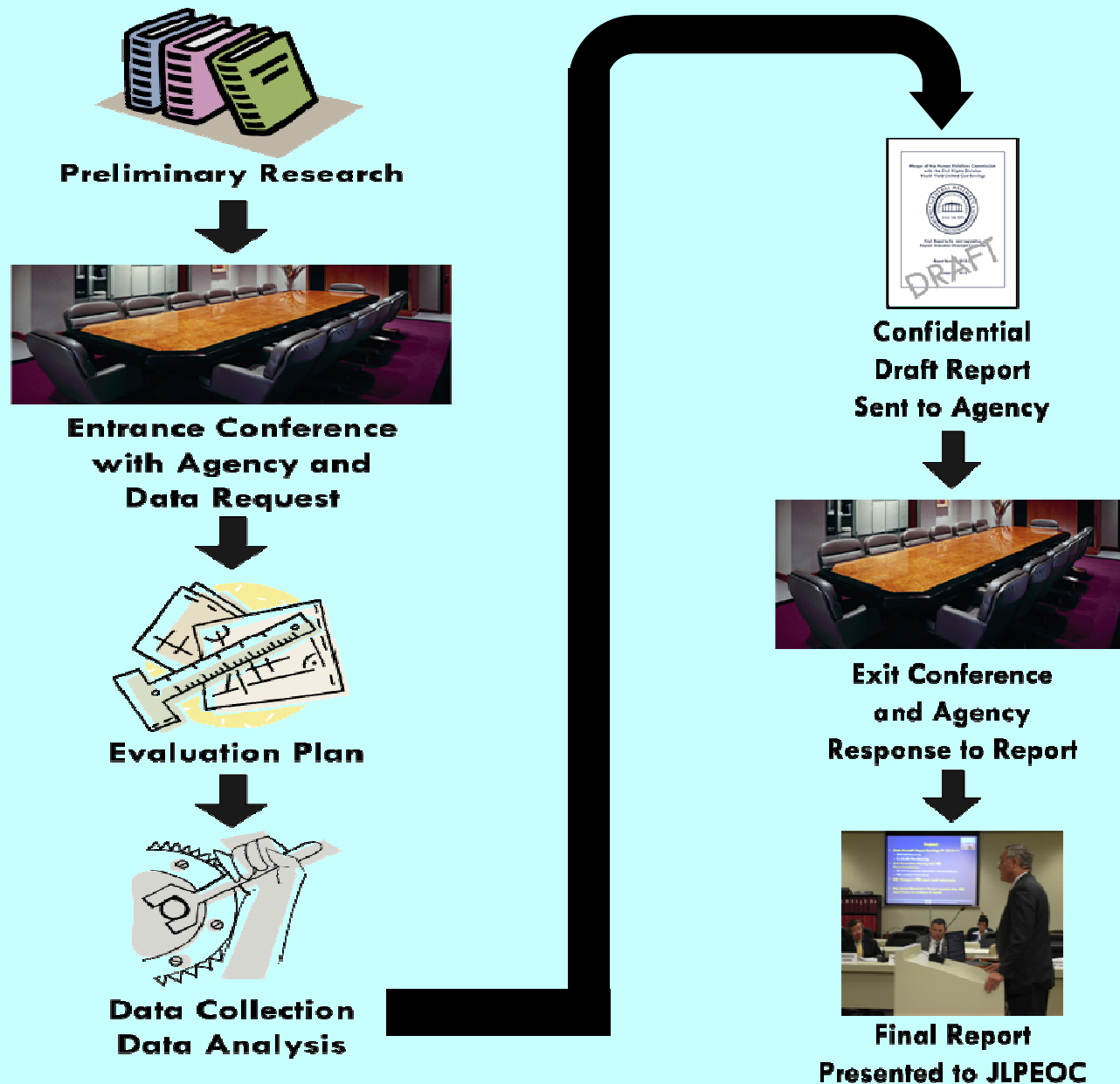
Program Evaluation Division Work Plan Process

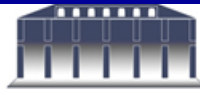


Authorization for Program Evaluation

1. **Early November 2015 Request.** "Senator Elbert Hilliard" met with the Chair of the Joint Legislative Program Evaluation Oversight Committee (JLPEOC), Senator Fletcher Hartsell and PED Director John Turcotte to request a PED evaluation of allegations of price gouging
2. **Early November 2015 Chair Directive.** Senator Hartsell, Chair, directed Turcotte to place a proposed work plan amendment on JLPEOC agenda "Amend PED 2015-2016 work plan to include an evaluation of enforcement of the Disaster Victim Protection Act."
3. **November 19, 2015 JLPEOC Action.** At the November 11 JLPEOC meeting, "...motion by Representative Becky Carney, seconded by Senator Rick Gunn, to amend the PED 2015-2015 work plan to include an evaluation of enforcement of the Disaster Victim Protection Act and to submit a report by April 1, 2016.

Program Evaluation Division Project Process





PROGRAM EVALUATION DIVISION NORTH CAROLINA GENERAL ASSEMBLY

March 2016

Report No. 2016-02

Strengthening Enforcement of Anti-Price Gouging Measures Required by the 2015 Disaster Victim Protection Act

Summary

This evaluation examines enforcement of the 2015 Disaster Victim Protection Act intended to address price gouging after disasters. In response to legislators representing victims affected by gouging in the aftermath of back-to-back hurricanes Dwight and Dagmar in September and October 2015, the Joint Legislative Program Evaluation Oversight Committee amended the 2015-2016 Program Evaluation Division work plan to conduct this evaluation.

The 2015 act made gouging punishable as a Class H felony; directed the Department of Public Safety to develop a database of all violators; and required the Division of Emergency Management to develop and distribute informational materials for county-level distribution to potential victims. The agencies implemented these provisions fully and at minimal cost. However, neither of the January 2015 measures deterred alleged violations occurring in the fall of 2015 and both departments provided reasons as well as suggestions for improving the law.

Local emergency management and law enforcement agencies reported that price gouging persisted in spite of the law and in fact increased in frequency following hurricane Dagmar. Only four arrests were made for gouging in the September and October 2015. These arrests occurred after officer received a report of a violator carrying an unpermitted concealed weapon. That violator confessed to gouging and provided sufficient evidence of gouging by three other perpetrators.

Insufficient field guidelines hindered enforcement. Law enforcement reported that numerous out-of-state operators came to North Carolina after hearing of weak law enforcement after Dwight. After Dagmar, operators sold generators, food, fuel and other items at inflated prices, but law enforcement did not have sufficient information from the Attorney General and Department of Public Safety to determine pre-disaster prevailing prices and how to identify legitimate price increases resulting from factors such as transporting goods to hazardous affected areas.

To address these findings, the General Assembly should

- Amend the 2015 act to specify allowable and temporary price markup percentages under disaster conditions for items likely in high demand and what constitutes a price markup constituting probable cause for a law enforcement officer to make an arrest for price gouging.
- Require the Department of Public Safety in consultation with the Attorney General to distribute field enforcement manuals for local law enforcement officers use following disasters and to conduct training sessions in disaster prone areas.

Strengthening Enforcement of Anti-Price Gouging Measures Required by the 2015 Disaster Victim Protection Act



Final Report to the Joint Legislative
Program Evaluation Oversight Committee

Report Number 2016-02

March 17, 2016

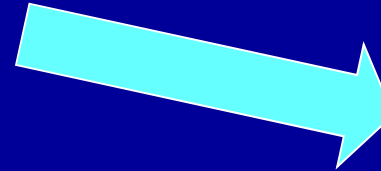
Disposition of PED Report



1. **March 17, 2016 JLPEOC Agenda.** Presentation of PED report *Strengthening Enforcement of Anti-Price Gouging Measures Required by the 2015 Disaster Victim Protection*
JLPEOC accepts report. "...motion by Representative Marvin Lucas, seconded by Senator Stan Bingham, to accept the PED report and instruct staff to draft legislation to implement the recommendations from the report for consideration by the joint committee."
2. **April 21, 2016 JLPEOC Agenda.** Presentation of draft bill to implement recommendations from PED report *Strengthening Enforcement of Anti-Price Gouging Measures Required by the 2015 Disaster Victim Protection*
JLPEOC approves draft bill for introduction. "...motion by Representative Pat Hurley, seconded by Senator Ralph Hise, to approve the draft bill for introduction."

NEW BEGINNING!

Many Routes to Legislative Oversight



Individual Legislator Oversight

Session Oversight

Joint Oversight Committees

Constituent Casework

Standing Committee

Select Committee

**Temporary
Interim
Study
Committees**

**Standing
Joint
Oversight
Committees**

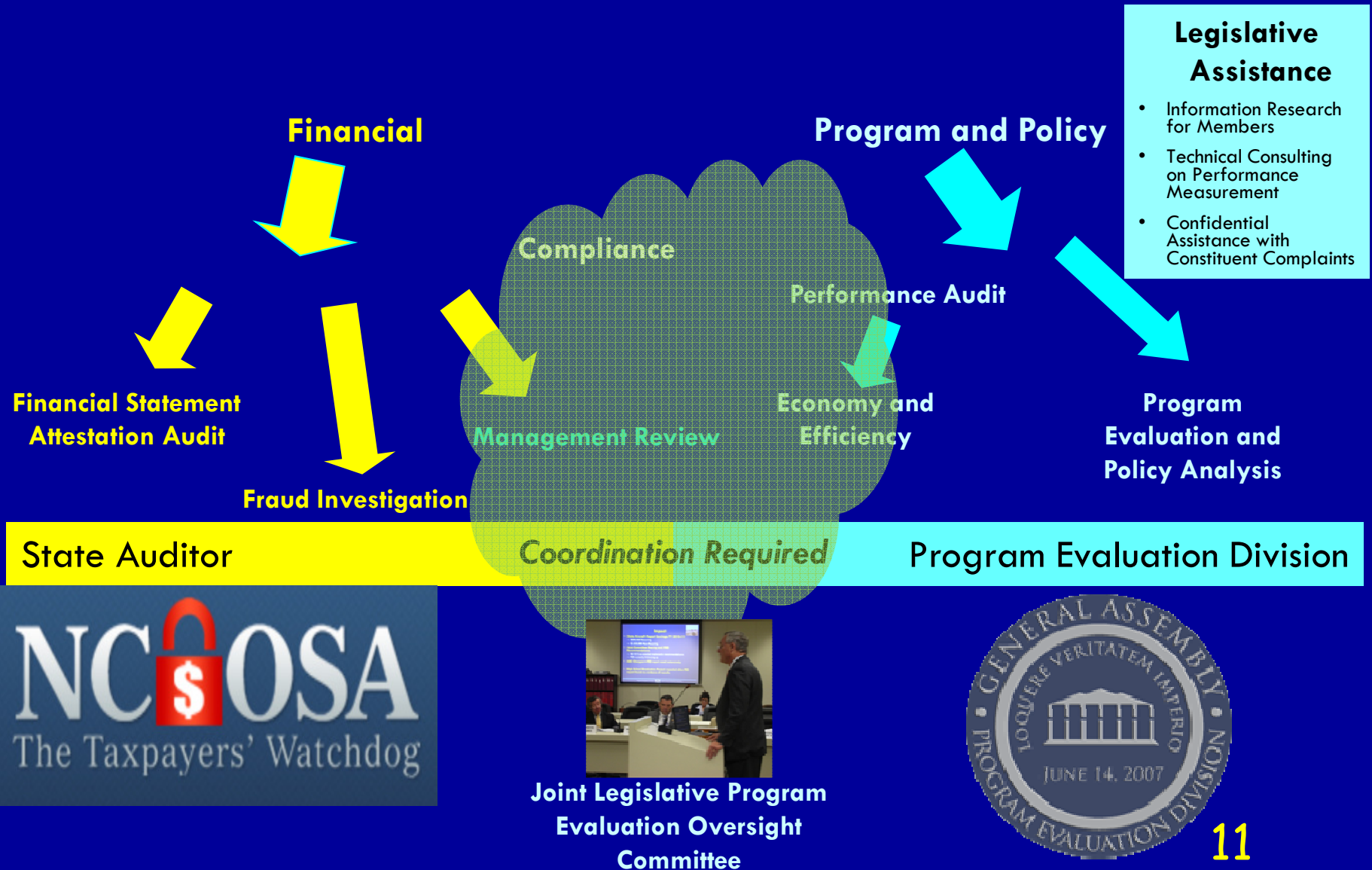
- Assistance
- Complaints
- Troubleshooting local government Needs

Substantive

Appropriations

Session Hearings on Bills (Many Recommended by Interim Oversight or Study Committees)

State Auditor and Program Evaluation Division Work Cooperatively



Program Evaluation Division Report Production to Date



Year	Report Directed By	Number of Reports Released
2008	Act of General Assembly	2
2008	JLPEOC Work Plan	7
2009	Act of General Assembly	1
2009	JLPEOC Work Plan	6
2010	Act of General Assembly	6
2010	JLPEOC Work Plan	4
2011	Act of General Assembly	8
2011	JLPEOC Work Plan	3
2012	Act of General Assembly	9
2012	JLPEOC Work Plan	4
2013	Act of General Assembly	3
2013	JLPEOC Work Plan JLPEOC	7
2014	Work Plan	10
Total Reports Released to Date		70

Program Evaluation Division Annual Return on Investment

