

SECTION-BY-SECTION SUMMARY

The Shrinkflation Prevention Act of 2024

Rep. Marie Gluesenkamp Perez

The Shrinkflation Prevention Act would effectively prohibit shrinkflation by giving the Federal Trade Commission (FTC) and state attorneys general authority to crack down on corporations deceiving consumers through shrinkflation.

SECTION 1. Title: Shrinkflation Prevention Act of 2024

SECTION 2. Findings:

- Outlines data and findings related to corporate profits and the impact of shrinkflation on consumers, including:
 - Between Q3 of 2020 and Q2 of 2022, corporate profits rose by 75 percent (Bureau of Economic Analysis) and 42 percent of inflation over that period went towards greater corporate profits (Federal Reserve);
 - Approximately 10 percent of inflation in some product categories is driven by shrinkflation (Bureau of Labor Statistics);

SECTION 3. Prohibition of Shrinkflation:

- Defines shrinkflation as, “the practice of downsizing, or reducing the amount or size of a consumer product...while not decreasing the price of such product by a commensurate amount.”
- Authorizes FTC to make changes to that definition as needed for enforcement.
- Directs FTC to promulgate regulations to prohibit shrinkflation through APA rulemaking within 18 months/1.5 years —such regulations would establish shrinkflation as an “unfair or deceptive act or practice.”

SECTION 4. Enforcement:

- Directs FTC to enforce the rule promulgated in Section 3 as an unfair or deceptive act or practice, enabling FTC to pursue penalties against entities who violate the rule.
- Gives state attorneys general the authority to investigate and pursue injunctions, penalties, or damages should they determine that residents have been adversely affected by an entity in violation of the rule promulgated by Section 3.
 - Requires state attorneys general to notify FTC should they intend to bring civil action.
 - Gives FTC the authority to intervene in state action, and establishes guidelines for FTC involvement and the venues/courts within which the action may be served in