



March 4, 2026

The Honorable Tim O'Driscoll
Co-Chair
House Committee on Commerce Finance
and Policy
Centennial Office Building, 2nd Floor
658 Cedar Street
St. Paul, MN 55155

The Honorable Erin Koegel
Co-Chair
House Committee on Commerce Finance
and Policy
Centennial Office Building, 5th Floor
658 Cedar Street
St. Paul, MN 5515

RE: Oppose HF 3794 - "Prohibition on Surveillance-Based Price and Wage Discrimination"

Dear Chair O'Driscoll, Chair Koegel, and members of the Committee:

On behalf of Chamber of Progress, a tech industry association supporting public policies to build a more inclusive society in which all people benefit from technological advances, **I respectfully urge you to oppose HF 3794, which would harm consumers in Minnesota.**

We share the legislature's concern about affordability. The cost of living is the top issue facing American families,¹ and we understand the impulse to ensure consumers are getting a fair deal. But HF 3794 risks backfiring on the very families it aims to help by eliminating the personalized discounts, digital coupons, and targeted deals that help Minnesota families stretch their budgets.

Personalized pricing in practice: discounts and savings

The term "surveillance pricing" suggests that companies are using personal data to charge individual consumers higher prices. But **despite widespread speculation, there is no conclusive evidence that this is actually happening.** What businesses overwhelmingly use consumer data for is the opposite: offering discounts, coupons, and targeted promotions that help families save money.

This makes economic sense. Consumer markets are intensely competitive. When shoppers can compare prices with a few taps on their phone, using personal data to

¹ Erin Doherty, "New poll paints a grim picture of a nation under financial strain," *POLITICO*, Dec. 10, 2025, <https://www.politico.com/news/2025/12/10/poll-affordability-cost-of-living-00678076>.

charge a customer more is a losing strategy; a competitor will simply offer a better price and win the sale. The businesses that use consumer data most actively are the ones competing hardest for customers, and they compete by offering better deals, not higher prices.

In practice, personalized pricing looks like:

- *Personalized coupons.* Your grocery store's app sends you a \$2-off coupon for the cereal you buy every week, or a deal on diapers because you have a baby at home.
- *Loyalty rewards.* Your local coffee shop gives you a free drink after ten purchases, or sends you a discount because you haven't visited in a month.
- *Subscription and retention offers.* A streaming service offers you a discounted rate to come back after you canceled, or a meal kit company drops its price to keep you as a subscriber.
- *Delivery and rideshare promotions.* A delivery app sends you a promo code for free delivery because you haven't ordered in a while, or a rideshare app offers a discounted fare on your regular commute.
- *New product introductions.* A new snack brand enters your grocery store and the store sends a coupon to customers who already buy similar products, reaching the shoppers most likely to be interested instead of advertising blindly to everyone.
- *Small business offers.* You favorited a handmade necklace on an online marketplace and the seller sends you a 10% off coupon, or a small clothing brand offers a discount because you've browsed their site before.

Consumers actively seek out these kinds of deals. A 2024 survey of more than 10,000 consumers found that 91% are willing to share personal data in exchange for value from brands, with discounts, loyalty points, and exclusive access cited as the top motivators.²

Targeted promotions also help new brands and smaller businesses compete. A new grocery brand can use targeted discounts to introduce itself to likely buyers; a local retailer can use promotional pricing to compete against national chains with far larger advertising budgets. Restricting these practices tilts the playing field toward large incumbents, reducing the competition that keeps prices low.

HF 3794 would ban these practices and raise costs for Minnesota families

The bill is aimed at a hypothetical harm, but its real effect would be to ban every one of the pro-consumer savings practices described above. The bill's definitions are so broad that they sweep in virtually all modern commerce. Any data a business collects about a

² Marigold, "2024 Global Consumer Trends Index" (2024), <https://www.globenewswire.com/en/news-release/2024/01/16/2809582/0/en/Annual-Marigold-Global-Consumer-Trends-Index-Reveals-Need-for-Brands-to-Deliver-on-Data-Privacy-and-Personalization-to-Win-Customer-Loyalty.html>.

customer, from purchase history and location to browsing activity or membership in a broad demographic group, counts as "surveillance data." Any software that helps inform a price, down to a basic spreadsheet, qualifies as an "automated decision system." The result is that everyday discounts, targeted promotions, and loyalty rewards all fall on the wrong side of the ban.

The bill's narrow exemptions for cost-justified price differentials and publicly available group discounts (military, veterans, teachers, students, seniors) do not come close to rescuing the prohibition. The bill provides no exemption for loyalty programs, even though 70% of consumers say they value them³ and about 24% of consumers earning under \$40,000 rely on loyalty programs when choosing where to shop.⁴

Eliminating these practices would hurt Minnesota families directly. Digital coupons alone save the average household \$1,465 each year.⁵ Low-income families, especially those with children, are among the most active deal-seekers and coupon users.⁶ Research on personalized pricing bears this out: one study found that it delivers lower prices for the majority of consumers,⁷ and another found that it can have progressive distributional effects, directing savings toward the consumers who benefit most from discounts.⁸ Banning personalized pricing does not produce a fairer market. It produces a less accessible one.

HF 3794's disclosure requirements would impose unworkable burdens on Minnesota businesses

Beyond the pricing ban, HF 3794 requires any business using an "automated decision system" for pricing to publish data-accuracy procedures, respond to consumer requests for information about what data was considered and how, and allow consumers to formally challenge the data behind their price. Because the bill's definition captures any software that assists pricing decisions, these obligations would fall on thousands of Minnesota small businesses that use ordinary, off-the-shelf tools.

Consider a restaurant owner in Minneapolis who subscribes to a pricing tool that adjusts menu prices based on ingredient costs and local demand. Under HF 3794, that owner would be required to publish formal procedures for ensuring data accuracy, respond to

³ Bobby Stephens and Ramya Murali, *2024 Consumer Loyalty Survey*, Deloitte, Feb. 24, 2025,

<https://www.deloitte.com/us/en/services/consulting/articles/brand-loyalty-program-consumer-behavior.html>.

⁴ F. Watty, "Supermarket Choice Due to Membership in Its Loyalty Program in U.S. 2023 by Income," Statista, Jan. 11, 2024,

<https://www.statista.com/statistics/1548425/supermarket-choice-due-to-loyalty-program-by-income-us/>.

⁵ Elyssa Kirkham, "Study: Skipping Online Coupons Could Cost You \$1,465 Per Year," CouponFollow, last modified May 19, 2021, <https://couponfollow.com/research/coupon-data-study>.

⁶ Stephanie M. Noble et al., "Coupon Clipping by Impoverished Consumers: Linking Demographics, Basket Size, and Coupon Redemption Rates," *International Journal of Research in Marketing* 34, no. 2 (2017): 553-571, <https://doi.org/10.1016/j.ijresmar.2016.08.010>.

⁷ Jean-Pierre Dube and Sanjog Misra, "Personalized Pricing and Consumer Welfare," *Journal of Political Economy* 131, no. 1 (2023): 131-189, <https://www.journals.uchicago.edu/doi/10.1086/720793>.

⁸ Jerod Coker and Jean-Manuel Izaret, "Progressive Pricing: The Ethical Case for Price Personalization," *Journal of Business Ethics* 173, no. 3 (2021): 387-398, <https://doi.org/10.1007/s10551-020-04545-x>.

any customer who asks what data the tool considered and how it factored into the price of their meal, and allow that customer to formally dispute the underlying data. The same would apply to a local retailer using inventory management software that flags markdown opportunities, a coffee shop whose point-of-sale system suggests pricing based on sales trends, or a small business owner using a spreadsheet to set prices. These businesses would need to build consumer-facing portals, explain in plain language how their tools weigh inputs, and create formal dispute processes, all without the benefit of a common national standard to follow. That cost is substantial even for large corporations with dedicated legal teams. For small businesses, it is prohibitive.

The disclosure requirements also raise competitive concerns. Requiring businesses to reveal how their pricing systems weigh data inputs risks exposing trade secrets and could make it easier for competitors to coordinate pricing strategies rather than compete on them.

Minnesota should not be the first state to ban the personalized savings families depend on

No state has enacted a ban on algorithmic or surveillance pricing. Similar bans have been introduced in legislatures across the country, and they have repeatedly stalled or failed to advance. The reason is straightforward: **broad bans on personalized pricing inevitably capture the very savings tools that consumers rely on.** Imposing a blanket pricing restriction that does not exist anywhere in the country would put Minnesota businesses at a competitive disadvantage while raising costs for Minnesota consumers.

I respectfully urge you to oppose HF 3794. This bill would take away the personalized discounts, digital coupons, and loyalty rewards that Minnesota families rely on to get by, and the families who depend most on those savings are the ones who can least afford to lose them. We welcome the opportunity to discuss targeted approaches that address genuine pricing abuses without eliminating the benefits consumers value.

Sincerely,

A handwritten signature in black ink, appearing to read "K. C. Marshall", enclosed within a hand-drawn oval shape.

Kouri Marshall
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