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States Crack Down on Algorithmic and "Surveillance" Pricing

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A new wave of state action is putting algorithmic pricing practices in the spotlight. On January 27, California Attorney General Rob Bonta announced a "surveillance pricing" sweep targeting companies that charge different online prices based on consumer data. The concern? That using personal information to tailor prices may go beyond what consumers reasonably expect under the California Consumer Privacy Act (CCPA).

This enforcement push comes on the heels of New York passing the nation's first algorithmic pricing disclosure law, signaling that regulators are no longer just watching this space, instead they are actively stepping in.

Meanwhile, Tennessee has taken a similar approach by introducing Senate Bill 1807 which prohibits businesses from setting prices for Tennessee consumers using personalized algorithmic pricing. "Personalized algorithmic pricing" means dynamic pricing set by an algorithm that uses personal data. The law includes definitions for "algorithm" and "dynamic pricing" as well as clarifies that "personal data" includes information linked or could reasonably be linked to a specific consumer or device.

The bill includes limited exemptions, such as certain subscription-based discounts where the personalized price is lower than the standard rate. If signed into law, it will take effect July 1, 2026, and violations will be treated as unfair or deceptive acts under the Tennessee Consumer Protection Act.

The bottom line:

States are moving quickly to regulate personalized pricing, some through disclosure requirements, others through direct bans and enforcement sweeps. Companies that use consumer data to adjust prices are squarely in regulators' sights.

What you need to do:

Now is the time to take a close look at your pricing practices. Identify whether you use consumer data to

influence prices, what data feeds into those systems, and whether consumers would reasonably expect that use. If you operate in Tennessee, start planning now for compliance ahead of the July 1, 2026 effective date. Proactive review today can help avoid enforcement headaches tomorrow.