



Rep. Maura Hirschauer

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10400HB4248ham002

LRB104 16598 SPS 38046 a

1 AMENDMENT TO HOUSE BILL 4248

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4248 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the  
5 Algorithmic Pricing Prohibition Act.

6 Section 5. Legislative findings. The General Assembly  
7 finds and declares:

8 (1) Consumers increasingly purchase goods and services  
9 from businesses that collect and process browsing  
10 behavior, geolocation data, purchase history, and other  
11 personal data.

12 (2) Businesses use automated systems and data-driven  
13 algorithms to generate prices that may vary among  
14 consumers for the same goods or services.

15 (3) These practices, sometimes referred to as  
16 "surveillance pricing", may limit a consumer's ability to

1 comparison-shop and may enable pricing based on a  
2 consumer's perceived willingness to pay.

3 (4) Prohibiting these practices is necessary to  
4 promote fair dealing, consumer protection, and market  
5 integrity.

6 Section 10. Definitions. In this Act:

7 "Algorithmic pricing" means a price for consumer goods or  
8 services generated, in whole or in part, using an automated  
9 decision system, machine-learning model, or data-driven  
10 algorithm.

11 "Consumer" means a natural person who is an Illinois  
12 resident acting only in an individual or household context.

13 "Covered entity" means any person or entity that sells or  
14 offers to sell consumer goods or services to consumers in this  
15 State.

16 "Personal data" means information linked or reasonably  
17 linkable to a specific consumer, including, but not limited  
18 to, browsing history, search queries, geolocation data, prior  
19 purchases, digital identifiers, or demographic profile data.

20 "Personalized price" means a price for consumer goods or  
21 services that is set for a consumer based on the consumer's  
22 personal data.

23 "Surveillance pricing" means algorithmic pricing that uses  
24 a consumer's personal data to generate a personalized price.

1           Section 15. Surveillance pricing prohibition. A covered  
2 entity shall not engage in surveillance pricing.

3           Section 20. Application of law.

4           (a) This Act does not apply to price changes that are the  
5 result of:

6           (1) fluctuations in the cost of acquiring, producing,  
7 transporting, or distributing inventory, including, but  
8 not limited to, changes in wholesale prices, manufacturing  
9 costs, labor, insurance, or other input costs associated  
10 with providing goods or services to different consumers;

11           (2) objective cost differences directly related to the  
12 provision, supply, or sale of goods or services to  
13 consumers in different geographic areas, market regions,  
14 or delivery locations, including, but not limited to,  
15 reasonable variations reflecting the costs or conditions  
16 associated with serving particular areas or responding to  
17 differing levels of supply or demand;

18           (3) supply chain disruptions, including, but not  
19 limited to, delays, shortages, allocation by suppliers,  
20 changes in shipping modes or routes, or other logistical  
21 constraints that reasonably affect the seller's costs or  
22 available quantities;

23           (4) time-limited sales, promotions, or discounts that  
24 are offered in good faith and in the usual course of the  
25 seller's business, including introductory pricing,

1 seasonal or clearance sales, and advertised promotional  
2 events;

3 (5) the imposition, repeal, or adjustment of any tax,  
4 fee, surcharge, or assessment imposed by federal, State,  
5 or local law, or any pass-through of such amounts to the  
6 consumer;

7 (6) variations in shipping, delivery, or handling  
8 costs, including fuel surcharges and carrier rate changes,  
9 and any pass-through of such costs to the consumer;

10 (7) application of any discounts, coupons, promotional  
11 offers, rebates, limited-time sales, loyalty or club  
12 member pricing, price comparison tools, competition price  
13 matching or other reductions or incentives offered to the  
14 consumer, including differentiated pricing based on  
15 participation in the programs, or accumulation or  
16 redemption of rewards;

17 (8) special discount programs, including  
18 differentiated pricing offered to individuals who meet  
19 publicly disclosed eligibility criteria, such as teachers,  
20 employees, active-duty or retired military personnel,  
21 senior citizens, and students;

22 (9) any fees, surcharges, or other charges that are  
23 imposed or set by third parties, including payment  
24 processors, delivery platforms, or other intermediaries,  
25 and any pass-through of such amounts to the consumer;

26 (10) differential prices that are offered or provided

1 to a consumer as a good faith credit, refund, rebate, or  
2 discount issued in response to:

3 (A) a service disruption, error, or other failure  
4 to deliver a good or service as promised or expected;

5 (B) a billing dispute or discrepancy;

6 (C) a request for account retention or  
7 cancellation; or

8 (D) any other customer service interaction in  
9 which the person provides a credit, refund, rebate, or  
10 discount to address a consumer's concerns or to  
11 maintain the consumer relationship;

12 (11) any other bona fide price change that is  
13 reasonably attributable to legitimate business  
14 considerations, including changes in market demand,  
15 competitive conditions, or the seller's cost structure.

16 (b) This Act does not apply to algorithmic pricing models  
17 that do not use personal data, including models based on  
18 aggregate market demand.

19 (c) This Act does not apply to the use of consumer personal  
20 data for purposes of determining creditworthiness or  
21 underwriting a consumer's ability to repay.

22 Section 25. Enforcement by Attorney General.

23 (a) The Attorney General may investigate a claim that a  
24 person violated this Act, including the following:

25 (1) require persons to file, on such terms as the

1 Attorney General prescribes, a statement or report in  
2 writing under oath or otherwise, as to all information as  
3 the Attorney General may consider necessary;

4 (2) examine under oath any person in connection with  
5 the conduct of any trade or commerce;

6 (3) examine any merchandise or sample thereof, record,  
7 book, document, account or paper as the Attorney General  
8 may consider necessary; and

9 (4) pursuant to an order of a circuit court, impound  
10 any record, book, document, account, paper, or sample of  
11 merchandise that is produced in accordance with this Act,  
12 and retain it in the Attorney General's possession until  
13 the completion of all proceedings in connection with which  
14 it is produced.

15 (b) The Attorney General may bring an action in the name of  
16 the People of this State to restrain or enjoin by preliminary  
17 or permanent injunction the person from violating this Act.

18 (c) In addition to bringing an action for injunctive  
19 relief under this Section, the Attorney General may seek  
20 restitution and petition a circuit court for the assessment of  
21 a civil penalty as provided by this Section.

22 (d) A person who violates this Act is liable for a civil  
23 penalty of not more than \$50,000 for each violation.

24 (e) The Attorney General may recover all reasonable costs  
25 of bringing an action under this Section, including court  
26 costs, reasonable attorney's fees, and investigation costs.

1           Section 30. Home rule. The regulation of algorithmic  
2 pricing, surveillance pricing, or any other similar pricing  
3 mechanism is an exclusive power and function of the State. A  
4 home rule unit may not regulate algorithmic pricing,  
5 surveillance pricing, or any other similar pricing mechanism.  
6 This Section is a denial and limitation of home rule powers and  
7 functions under subsection (h) of Section 6 of Article VII of  
8 the Illinois Constitution.

9           Section 35. Relation to other laws. Nothing in this Act  
10 shall be construed to limit any federal or State law."