AG Pricing Update: $4.25M Menards Settlement in Rebate Probe; Colorado AG Targets 2026 Pricing Practices

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On December 17, 2025, a coalition of ten state attorneys general announced a $4.25 million settlement with Menards, the third-largest home improvement chain, resolving allegations that the company deceptively marketed its "Menards 11% Rebate Program" in violation of the states' general consumer protection laws (rather than any "junk fee" or drip-pricing laws). The settlement was led by Illinois, Iowa, Minnesota, and Wisconsin.

The states alleged that the company's frequent use of "11% off" and "11% off everything" falsely implied a point-of-sale discount, while Menards only offered an in-store merchandise credit for future purchases. According to the settlement, Menards promoted its "11% Rebate" merchandise credit check program for years across media, often using such messaging to advertise the final prices of products a consumer might obtain instead of the actual price paid at the register.

What the states alleged

Through their press releases, many of the states described several additional core allegations from the investigation, including:

- Advertised prices that reflected an 11% discount, reinforcing the impression that customers would realize savings at checkout.
- Disclaimers and other material limitations were not presented clearly or conspicuously (e.g., small print and removed from the discount representation).
- Misrepresentations that "Rebates International" was a separate entity responsible for the rebate program, when in fact it was part of the same company.

In addition, Illinois, Minnesota, and Wisconsin alleged price gouging on essential goods, including rubbing alcohol, garbage bags, dish soap, and neoprene gloves during the COVID-19 pandemic. Minnesota and Wisconsin specifically alleged the conduct violated COVID-era executive orders restricting excessive pricing.

Key settlement terms

Under the Assurance of Voluntary Compliance settlement terms, Menards will be prohibited from advertising or representing that store-credit rebates provide a point-of-purchase discount, including by using a "% off" framing or "price after rebate" style pricing. The settlement's provisions

additionally focus on how the Menards rebate programs must be presented, explained, and administered:

- **Clear price/rebate disclosures**. Disclose all key rebate limitations prominently across media (including "unavoidable" online disclosures).
- **Entity transparency**. Clarify that Rebates International is Menards' assumed name and not a separate company.
- **Customer claim window**. Provide customers with at least 12 months to submit rebate claims.
- **Process transparency**. Improve rebate claim handling by giving timely status updates and explaining denials/adjustments (including return-related reductions).
- **Accessible terms**. Keep program terms easy to find, including how to submit, required documentation, deadlines, and expected processing times.
- **Digital access**. Assess and, where feasible, expand secure online submission and online redemption for eligible purchases.
- **Price gouging compliance**. Commit to comply with applicable emergency price-gouging restrictions during declared disruptions.

Other Pricing Development: Colorado signals pricing-disclosure enforcement priorities for 2026

Recent guidance from the Colorado Attorney General offers a useful window into where else state enforcers may be focused on pricing entering 2026.

House Bill 25-1090, Colorado's new deceptive pricing law, codified at C.R.S. § 6-1-737 and effective January 1, 2026, generally requires advertised prices to include fees in a single and prominent "total price." We've covered related price-transparency issues recently, including posts on price comparisons, algorithmic pricing, and "hidden fees." However, Colorado's law more specifically addresses tenants throughout its provisions. In a memorandum late last year, the Colorado Department of Law's Consumer Protection Section shared that it will generally refrain from enforcement against landlords using master meters and ratio billing systems, so long as landlords:

Do not overbill in the aggregate. Total tenant charges cannot exceed the property's utility-provider charges.

Limit administrative fees. Landlords may not add markups beyond the limited administrative fee permitted by statute (generally, up to $10 per month or 2% of the bill, but not both).

Exclude common areas. Landlords must exclude utility costs for common areas from tenant allocations.

Clear disclosures. A reasonable and objectively fair method of allocation must be disclosed in the rental agreement in addition to other required disclosures.

The memorandum also confirms that Colorado does not intend to enforce HB 25-1090 retroactively. Any enforcement actions will be limited to leases amended, renewed, or entered after January 1, 2026.

Practical takeaways

The Menards settlement underscores a familiar enforcement theme: state enforcers continue to focus on whether consumers' first impression of a price or savings claim is accurate and whether meaningful limitations are adequately disclosed to consumers. "Percentage-off" offers and "price after rebate" framings remain attractive marketing tools, but they may invite scrutiny when the benefit is deferred, conditional, or redeemable only on narrow terms.

Viewed alongside Colorado's recent price-transparency guidance, these developments are useful signals of where risk may be concentrating in 2026. Businesses should continue to check headline claims against actual consumer experiences (and consider whether you need to incorporate fees into a "total price"), review disclosure placement and consistency across marketing channels, and ensure that internal operational workflows (documentation, tracking, dispute handling) can support the promises marketing teams make.