

1 AN ACT relating to the use of algorithmic devices in setting the amount of rent to
2 be charged to a residential tenant.

3 WHEREAS, recent national data indicates that landlords of residential rental
4 housing use property management software to collude and raise residential rental housing
5 prices; and

6 WHEREAS, landlords engaging with the software supply real-time prices and
7 additional lease information to companies managing the software, who proceed to use
8 algorithms to fix rental prices; and

9 WHEREAS, the use of these algorithmic devices has been the subject of lawsuits
10 and poses a heightened risk of anticompetitive conduct, price fixing, and collusion, all of
11 which result in higher rents for residential tenants; and

12 WHEREAS, several municipalities around the country have prohibited the use of
13 algorithmic devices in setting rent;

14 NOW, THEREFORE,

15 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

16 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO
17 READ AS FOLLOWS:

18 **(1) As used in this section, "algorithmic device":**

19 **(a) Means a device that uses one (1) or more algorithms to perform**
20 **calculations of data, including data concerning local or statewide rent**
21 **amounts being charged to tenants by landlords, for the purpose of advising**
22 **a landlord concerning the amount of rent that the landlord may consider**
23 **charging a tenant;**

24 **(b) Includes a product that incorporates an algorithmic device; and**

25 **(c) Does not include a product designed internally and used exclusively by a**
26 **landlord or a landlord's affiliates.**

27 **(2) A landlord shall not employ, use, or rely upon, or cause another person to**

1 *employ, use, or rely upon, an algorithmic device in setting the amount of rent to*
2 *be charged to a tenant for the occupancy of a dwelling unit.*

3 *(3) A violation of this section shall be deemed an unfair, false, misleading, or*
4 *deceptive practice in the conduct of trade or commerce in violation of KRS*
5 *367.170.*

6 ➔Section 2. Section 1 of this Act applies to a landlord's calculation of the amount
7 of rent for a rental agreement executed on or after the effective date of this Act.