

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, agreements or conspiracies between competitors to fix prices or other
10 commercial terms are illegal under Kentucky law, and algorithmic devices have made
11 illegal agreements more challenging to detect; and

12 WHEREAS, attorneys general in multiple states, including Kentucky, have filed
13 lawsuits alleging that the use of algorithmic devices in setting rent violates antitrust laws;
14 and

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

17 NOW, THEREFORE,

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

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

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

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

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

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

3 (2) A landlord shall not employ, use, or rely upon, or cause another person to
4 employ, use, or rely upon, an algorithmic device in setting the amount of rent to
5 be charged to a tenant for the occupancy of a dwelling unit.

6 (3) (a) A violation of this section shall be deemed an unfair, false, misleading, or
7 deceptive practice in the conduct of trade or commerce in violation of KRS
8 367.170 and an illegal restraint of trade or commerce in violation of KRS
9 367.175.

10 (b) All of the remedies, powers, and duties provided to the Attorney General by
11 the Consumer Protection Act, KRS 367.110 to 367.300, appertaining to acts
12 declared unlawful by KRS 367.170 and 367.175 shall apply with equal force
13 and effect to acts or practices declared unlawful under this section.

14 ➔Section 2. Section 1 of this Act shall apply to a landlord's calculation of the
15 amount of rent for a rental agreement executed on or after the effective date of this Act.