

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.