

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0451.01 Richard Sweetman x4333

HOUSE BILL 24-1057

HOUSE SPONSORSHIP

Woodrow,

SENATE SPONSORSHIP

(None),

House Committees

Transportation, Housing & Local Government

Senate Committees

A BILL FOR AN ACT

101 CONCERNING PROHIBITING THE USE OF AN ALGORITHMIC DEVICE BY
102 A LANDLORD FOR THE PURPOSE OF DETERMINING THE AMOUNT
103 OF RENT TO CHARGE A RESIDENTIAL TENANT, AND, IN
104 CONNECTION THEREWITH, DECLARING THAT SUCH USE IS AN
105 UNFAIR OR DECEPTIVE TRADE PRACTICE UNDER THE
106 "COLORADO CONSUMER PROTECTION ACT".

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill states that a landlord may not employ or rely upon an

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

algorithmic device in setting the amount of rent to be charged to a tenant for the occupancy of a residential premises. A violation of the prohibition is an unfair or deceptive trade practice under the "Colorado Consumer Protection Act" and may be punished accordingly.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that the use of algorithmic software:

4 (a) Has been the subject of lawsuits and poses a heightened risk
5 of anticompetitive conduct, price fixing, and collusion, all of which result
6 in higher rents for residential tenants; and

7 (b) Poses the risk that landlords will outsource pricing decisions,
8 which the general assembly determines should always be made by the
9 landlord.

10 (2) Therefore, the general assembly declares that, with certain
11 exceptions, the use of an algorithmic device by a landlord to set the
12 amount of a residential tenant's rent is prohibited.

13 **SECTION 2.** In Colorado Revised Statutes, **add** 38-12-703 as
14 follows:

15 **38-12-703. Determination of rent amount - use of algorithmic**
16 **device in setting rent amount prohibited - unfair or deceptive trade**
17 **practice - definition.** (1) IN SETTING THE AMOUNT OF RENT TO BE
18 CHARGED TO A TENANT FOR THE OCCUPANCY OF A RESIDENTIAL PREMISES,
19 INCLUDING DETERMINING ANY CHANGE IN THE AMOUNT OF RENT TO BE
20 CHARGED FOR THE RENEWED OCCUPANCY OF A RESIDENTIAL PREMISES, A
21 LANDLORD SHALL NOT EMPLOY, USE, OR RELY UPON, OR CAUSE ANOTHER
22 PERSON TO EMPLOY, USE, OR RELY UPON, AN ALGORITHMIC DEVICE.

23 (2) A VIOLATION OF SUBSECTION (1) OF THIS SECTION IS AN UNFAIR

1 OR DECEPTIVE TRADE PRACTICE, AS DESCRIBED IN SECTION 6-1-105
2 (1)(eeee), AND A PERSON WHO COMMITS A VIOLATION IS SUBJECT TO ALL
3 PENALTIES AND REMEDIES DESCRIBED IN THE "COLORADO CONSUMER
4 PROTECTION ACT", ARTICLE 1 OF TITLE 6.

5 (3) AS USED IN THIS SECTION, "ALGORITHMIC DEVICE" MEANS A
6 DEVICE THAT USES ONE OR MORE ALGORITHMS TO PERFORM
7 CALCULATIONS OF DATA, INCLUDING DATA CONCERNING LOCAL OR
8 STATEWIDE RENT AMOUNTS BEING CHARGED TO TENANTS BY LANDLORDS,
9 FOR THE PURPOSE OF ADVISING A LANDLORD CONCERNING THE AMOUNT
10 OF RENT THAT THE LANDLORD MAY CONSIDER CHARGING A TENANT.

11 "ALGORITHMIC DEVICE":

12 (a) INCLUDES A PRODUCT THAT INCORPORATES AN ALGORITHMIC
13 DEVICE; AND

14 (b) DOES NOT INCLUDE A PRODUCT DESIGNED INTERNALLY AND
15 USED EXCLUSIVELY BY A LANDLORD OR A LANDLORD'S AFFILIATES.

16 **SECTION 3.** In Colorado Revised Statutes, 6-1-105, **add**
17 (1)(eeee) as follows:

18 **6-1-105. Unfair or deceptive trade practices.** (1) A person
19 engages in a deceptive trade practice when, in the course of the person's
20 business, vocation, or occupation, the person:

21 (eeee) VIOLATES SECTION 38-12-703 CONCERNING THE USE OF AN
22 ALGORITHMIC DEVICE TO DETERMINE THE AMOUNT OF RENT TO CHARGE
23 A TENANT FOR THE OCCUPANCY OF A RESIDENTIAL PREMISES.

24 **SECTION 4. Act subject to petition - effective date -**
25 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
26 the expiration of the ninety-day period after final adjournment of the
27 general assembly; except that, if a referendum petition is filed pursuant

1 to section 1 (3) of article V of the state constitution against this act or an
2 item, section, or part of this act within such period, then the act, item,
3 section, or part will not take effect unless approved by the people at the
4 general election to be held in November 2024 and, in such case, will take
5 effect on the date of the official declaration of the vote thereon by the
6 governor.

7 (2) This act applies to a landlord's calculation of the amount of
8 rent that the landlord charges for the occupancy of a residential premises
9 pursuant to any rental agreement that is executed on or after the
10 applicable effective date of this act.