‖LRB10339900JRC70904b‖

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5871

Introduced 11/12/2024, by Rep. Kevin John Olickal

SYNOPSIS AS INTRODUCED:

New Act
815 ILCS 505/2EEEE new

    Creates the Prohibition of Algorithmics in Rent Act. Provides that in setting the amount of rent to be charged to a tenant for the occupancy of a residential premises, including determining any change in the amount of rent to be charged for the renewed occupancy of a residential premises, a landlord shall not employ, use, or rely upon, or cause another person to employ, use, or rely upon, an algorithmic device that uses, incorporates, or was trained with nonpublic competitor data. Defines "algorithmic device" to mean a device that uses one or more algorithms to perform calculations of data, including data concerning local or statewide rent amounts being charged to tenants by landlords, for the purpose of advising a landlord concerning the amount of rent that the landlord may consider charging a tenant. Provides that this definition does not include (i) any report published periodically, but no more frequently than monthly, by a trade association that receives renter data and publishes it in an aggregated and anonymous manner; or (ii) a product used for the purpose of establishing rent or income limits in accordance with the affordable housing program guidelines of a local government, the State, the federal government, or other political subdivision. Amends the Consumer Fraud and Deceptive Business Practices Act to make a corresponding change. Provides that any person who violates the Prohibition of Algorithmics in Rent Act commits an unlawful practice within the meaning of the Consumer Fraud and Deceptive Business Practices Act.

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A BILL FOR

1   AN ACT concerning property.

2   **Be it enacted by the People of the State of Illinois,**

3   **represented in the General Assembly:**

4   Section 1. Short title. This Act may be cited as the

5   Prohibition of Algorithmics in Rent Act.

6   Section 5. Legislative intent. The General Assembly finds

7   that, with certain exceptions, the use of an algorithmic

8   device by a landlord to set the amount of a residential

9   tenant's rent should be prohibited because the use of

10 algorithmic devices:

11   (1) has been the subject of lawsuits that allege such

12   products pose a heightened risk of anticompetitive

13   conduct, price fixing, and collusion, all of which

14   allegedly result in higher rents for residential tenants;

15   and

16   (2) allegedly poses the risk that landlords will

17   outsource pricing decisions, which the General Assembly

18   finds should always be made by the landlord.

19   Section 10. Definitions. As used in this Act:

20   "Algorithmic device" means a device that uses one or more

21 algorithms to perform calculations of data, including data

22 concerning local or statewide rent amounts being charged to

1 tenants by landlords, for the purpose of advising a landlord

2 concerning the amount of rent that the landlord may consider

3 charging a tenant. It includes a product that incorporates an

4 algorithmic device but does not include:

5   (1) any report published periodically, but no more

6   frequently than monthly, by a trade association that

7   receives renter data and publishes it in an aggregated and

8   anonymous manner; or

9   (2) a product used for the purpose of establishing

10   rent or income limits in accordance with the affordable

11   housing program guidelines of a local government, the

12   State, the federal government, or other political

13   subdivision.

14 "Nonpublic competitor data" means information that is not

15 widely available or easily accessible to the public, including

16 information about actual rent prices, occupancy rates, lease

17 start and end dates, and similar data, regardless of whether

18 the data are attributable to a specific competitor or

19 anonymized, and that is derived from or otherwise provided by

20 another person that competes in the same market as a person, or

21 a related market.

22 "Rent" means the total amount of rent, including

23 concessions and fees, that a residential tenant is required to

24 pay under a rental agreement.

25   Section 15. Algorithmic device in setting rent amount

1   prohibited.

2   (a) In setting the amount of rent to be charged to a tenant

3   for   the   occupancy   of   a   residential   premises,   including

4   determining any change in the amount of rent to be charged for

5   the renewed occupancy of a residential premises, a landlord

6   shall not employ, use, or rely upon, or cause another person to

7   employ, use, or rely upon, an algorithmic device that uses,

8   incorporates, or was trained with nonpublic competitor data.

9   (b) A violation of this Act constitutes an unlawful

10   practice   within   the   meaning   of   the   Consumer   Fraud   and

11   Deceptive Business Practices Act.

12   Section 20. Applicability. This Act applies to a

13   landlord's calculation of the amount of rent that the landlord

14   charges for the occupancy of a residential premises under any

15   rental agreement that is executed on or after the effective

16   date of this Act.

17   Section 90. The Consumer Fraud and Deceptive Business

18   Practices Act is amended by adding Section 2EEEE as follows:

19   (815 ILCS 505/2EEEE new)

20   Sec. 2EEEE. Violations of the Prohibition of Algorithmics

21   in Rent Act. Any person who violates the Prohibition of

22   Algorithmics in Rent Act commits an unlawful practice within

23   the meaning of this Act.