

#### HB 25-1004: NO PRICING COORDINATION BETWEEN LANDLORDS

Prime Sponsors: Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill as amended by the House Business Affairs &

Labor Committee.

#### **Summary Information**

**Overview.** The bill prohibits certain conduct by landlords regarding rent pricing.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis starting in FY 2025-26:

• Minimal State Revenue

• Minimal State Workload

Appropriations. No appropriation is required.

# Table 1 State Fiscal Impacts

	Budget Year	Out Year
Type of Impact	FY 2025-26	FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

# **Summary of Legislation**

The bill prohibits:

- the sale or distribution for monetary consideration of algorithmic devices used by two or more landlords for certain commercial purposes;
- the use of an algorithmic device for certain commercial purposes if a person knows or should know that the same device was used by another person; and
- the use of nonpublic competitor data in algorithmic device products or services.

Violations are punishable as an illegal restraint of trade or commerce under the Colorado State Antitrust Act.

# **Background**

The Colorado State Antitrust Act prohibits certain commercial conduct. The Attorney General, acting through the Department of Law (DOL), has discretionary authority to enforce the act through civil and criminal proceedings. Similarly, violations may result in civil or criminal charges.

# **Comparable Crime Analysis**

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

# **Prior Conviction Data and Assumptions**

This bill creates a new factual basis for the existing offense of illegal restraint of trade or commerce, a class 5 felony, by including pricing coordination among landlords. From FY 2021-22 to FY 2023-24, zero offenders have been sentenced and convicted for this offense; therefore, the fiscal note assumes that there will continue to be minimal or no additional criminal case filings or convictions for this offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice related revenue or expenditures at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit <a href="leg.colorado.gov/fiscalnotes">leg.colorado.gov/fiscalnotes</a> for more information about criminal justice costs in fiscal notes.

#### **State Revenue**

Under the Colorado State Antitrust Act, a person engaged in an illegal restraint of trade or commerce may be subject to a civil penalty of up to \$1 million for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the

number of cases that may be pursued by the Attorney General, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

## **State Expenditures**

The bill potentially affects workload in the Department of Law and the Judicial Department, as discussed below.

### **Enforcement — Department of Law**

Workload in the Department of Law will potentially increase if antitrust proceedings are initiated. The department will review antitrust activity and prioritize investigations as necessary within the overall number of antitrust investigations and available resources. This work can be accomplished within existing appropriations for DOL enforcement activities.

## **Trial Court Impacts — Judicial Department**

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado State Antitrust Act from the addition of new antitrust activity. It is assumed that algorithmic device providers and consumers will abide by the law and that any violation of the legislation will result in a minimal number of new cases. No change in appropriations is required.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct occurring after this date.

#### **State and Local Government Contacts**

Corrections	Law
Judicial	Local Affairs