Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 434   (Delegates Palakovich Carr and Stewart)

Economic Matters

Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent, Occupancy, and Lease Terms - Prohibition

This bill prohibits a landlord from using certain "algorithmic devices" to determine the amount of rent to charge, occupancy levels of, and lease terms and conditions for a residential dwelling unit. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA's civil and criminal penalty provisions. The bill only applies prospectively and may not be applied or interpreted to have any effect on (or application to) any landlord's calculation of the amount of rent that the landlord charges for the occupancy of a residential property under a rental agreement that is executed prior to the bill's effective date.

Fiscal Summary

State Effect: The bill's imposition of existing penalty provisions does not have a material impact on State finances or operations. The Office of the Attorney General, Consumer Protection Division, can handle the bill's requirements with existing resources.

Local Effect: The bill's imposition of existing penalty provisions does not have a material impact on local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: "Algorithmic device" means 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, to (1) advise a landlord on the amount of rent that the landlord may consider charging a tenant or (2) recommend lease renewal terms, ideal

occupancy levels, or other lease terms and conditions to a residential rental property owner or manager.

"Nonpublic competitor data" means information that is (1) not widely available or easily accessible to the public regardless of whether the information is attributable to a specific competitor or anonymized and (2) derived from (or otherwise provided to) a person by another person that competes in the same market as the person, or in a related market. Nonpublic competitor data includes actual rent prices, occupancy rates, lease start and end dates, and other similar information.

A landlord may not employ, use, or rely on (or cause another to employ, use, or rely on) an algorithmic device that uses, incorporates, or was trained with nonpublic competitor data, to set (1) the amount of rent to be charged for the lease of the residential property, including determining any change in rent to be charged for the renewal of a lease; (2) lease renewal terms; (3) occupancy levels; or (4) other lease terms and conditions.

Current Law: An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind, which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to $10,000 for each violation and up to $25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to $1,000 and/or imprisonment for up to one year.

Small Business Effect: The bill prohibits a landlord from using algorithmic devices to make decisions related to residential leases (including the amount of rent to be charged, among other factors). While the Department of Legislative Services assumes that most entities affected by the bill are not small businesses, any small businesses that do utilize these devices are meaningfully affected by the bill.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 817 and SB 609 of 2025.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of Legislative Services

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