

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1475 (The Speaker)
Economic Matters

Consumer Protection - Dynamic Pricing Disclosure and Prohibition on Rent-Setting

This bill prohibits a merchant from setting the price of specific goods or services using personalized algorithmic pricing and directly (or indirectly) advertising, promoting, labeling, or publishing a communication of the personalized algorithmic pricing to a consumer in the State, unless a clear and conspicuous disclosure is included with a statement indicating how the price was set. The bill also prohibits a person from knowingly or recklessly operating or licensing software, a data analytics service, or an algorithmic device to perform a “coordinating function” to facilitate an agreement between or among property owners or managers. A residential rental property owner or manager may not knowingly or recklessly set (or adjust) rental prices, lease renewal terms, occupancy levels, or other lease terms and conditions in any residential rental property based on a recommendation from software, a data analytics service, or an algorithmic device that performs a coordinating function. 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.

Fiscal Summary

State Effect: General fund expenditures increase, at least minimally beginning in FY 2027, for the Office of the Attorney General (OAG), as discussed below. The bill’s imposition of existing penalty provisions is not anticipated to have a material impact on State revenues.

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:

Definitions

“Algorithm” means a computational automated process that uses a set of rules to define a sequence of operations.

“Personalized algorithmic pricing” means dynamic pricing (*i.e.*, pricing that fluctuates dependent on conditions) set by an algorithm that uses personal data (not including location data).

“Algorithmic device” means any machine, device, computer program, or computer software that on its own or with human assistance performs a coordinating function.

“Coordinating function” means to:

- collect historical or contemporaneous prices, supply levels, or lease or rental contract termination and renewal dates of residential units from two or more residential rental property owners or managers, if at least two or more are not wholly owned subsidiaries of the same parent entity (or otherwise owned or managed by the same residential rental property owner or manager);
- analyze or process the information noted above using a system, software, or process that uses computation, including by using that information to train an algorithm; and
- recommend rental prices, lease renewal terms, ideal occupancy levels, or other lease terms and conditions to a residential real property owner or manager.

Applicability

The bill’s algorithmic pricing provisions do not apply to the following:

- conduct of a merchant that is regulated under the Insurance Article;
- specified financial institutions, including those defined in §1-101 of the Financial Institutions Article and a financial institution (or an affiliate) that is subject to Title V of the federal Gramm-Leach-Bliley Act; or
- a lower price that is offered to a consumer who has an existing subscription-based contract or agreement for a consumer good or service with a merchant than the price offered to a consumer *without* the subscription-based contract or agreement.

Current Law/Background: State law generally does not regulate price setting in the manner specified by the bill. However, various provisions of State law address the practice

of adjusting or advertising prices for consumer goods and services. For example, Chapters 630 and 631 of 2023 prohibit a person from selling a good or service designated as essential (including a repair or reconstruction service) for a price that exceeds a specified threshold during and, in some cases, after a state of emergency. Additionally, a seller is prohibited from increasing the layaway price of a consumer good that is sold under a layaway agreement.

According to a [study](#) by the Federal Trade Commission (FTC), details such as a person's location or browser history can frequently be used to target individual consumers with different prices for the same goods or services. More specifically, third-party intermediaries (*i.e.*, entities hired by retailers that can algorithmically tweak and target their prices) may set individualized prices for products and services based on a variety of factors – including demographics, browsing patterns, and shopping history. FTC staff found that consumer behaviors ranging from mouse movements on a webpage to the type of products that consumers leave unpurchased in an online shopping cart can be tracked and used by retailers to set unique pricing levels for individual consumers.

New York recently enacted similar legislation to (1) prohibit the use of pricing algorithms for rent-setting and (2) require a business to clearly disclose when it is using personal information to set consumer prices.

Maryland Consumer Protection Act

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.

State Expenditures: OAG anticipates the need for one technologist to assist with enforcement efforts under the bill, with personnel expenditures averaging approximately \$150,200 annually over a five-year period.

The Department of Legislative Services (DLS) acknowledges that enforcement of the bill is likely to require specialized knowledge of the relevant industries. This analysis assumes, therefore, that OAG incurs at least minimal contractual costs to facilitate training and the development of technical expertise. However, DLS advises that without experience under the bill, it is unclear to what extent merchants, residential real property owners/managers, and other entities affected under the bill will be noncompliant and whether there will be a significant enough volume of related complaints to necessitate additional staff. To the extent OAG receives a significant number of complaints from consumers under the bill that it is unable to handle with existing staff, OAG may request additional resources through the annual budget process.

Small Business Effect: Entities generally involved in the rental of property (or management of such properties) are prohibited from taking specified actions under the bill. While it is assumed that most entities affected by these prohibitions are not small businesses, any small business that uses certain tools in violation of the bill is subject to specified penalties if noncompliant and may experience operational effects. Any impact from the disclosure requirement in the bill that is more widely applicable to merchants is assumed to be minimal.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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