

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 52 (Pérez) – As Amended July 17, 2025

Policy Committee:	Judiciary	Vote:	9 - 3
	Privacy and Consumer Protection		10 - 4

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill prohibits specified uses of rental pricing algorithms that process nonpublic competitor data.

Specifically, among other provisions, this bill:

- 1) Prohibits a person from selling, licensing, or otherwise providing to two or more persons a rental pricing algorithm with the intent or reasonable expectation that it be used by two or more persons in the same market to set or recommend rental terms for residential premises.
- 2) Prohibits a person from setting or adopting rental terms based on the recommendation of a rental pricing algorithm if the person knows or should know that the algorithm processes nonpublic competitor data to set rental terms and the algorithm or the recommendation of the algorithm was used by another person to set or recommend a rental term for a residential premises in the same market.
- 3) Authorizes enforcement by the Attorney General and the city or county counsel in the county in which a rental unit is located, who may file a civil action for damages, injunctive relief, restitution, and civil penalties of up to \$1,000 per violation.
- 4) Authorizes a person harmed by a violation to file a civil action for damages, injunctive relief, civil penalties of up to \$1,000 per violation, and reasonable attorney's fees and costs.
- 5) Defines a violation as follows:
 - a) For a person who uses a rental pricing algorithm in violation of this bill, each month that a violation exists or continues is a separate and distinct violation.
 - b) Each month that a person sells, licenses, or otherwise provides a rental pricing algorithm in violation of this bill is a separate and distinct violation.
 - c) Each separate residential premises for which the rental pricing algorithm is sold, licensed, provided, or used in violation of this bill is a separate and distinct violation.

FISCAL EFFECT:

- 1) Costs (Unfair Competition Law Fund) to the Department of Justice (DOJ) to bring enforcement actions as authorized by this bill. Actual costs will depend on the number of enforcement actions pursued by DOJ and the amount of additional work created by each action, but costs may be in the hundreds of thousands of dollars annually. DOJ anticipates costs of \$371,000 in fiscal year 2025-26 and \$650,000 ongoing annually thereafter for an additional attorney, analyst, and legal secretary in its Consumer Protection Section to handle this workload. DOJ reports it cannot implement the requirements of this bill without an appropriation of additional funds.
- 2) Cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate civil actions authorized by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.

COMMENTS:

- 1) **Purpose.** The author argues use of price-setting algorithms by landlords and property managers is an anti-competitive business practice that must be expressly prohibited by state law. According to the author:

Real estate giants are harnessing algorithms to recommend rent prices based on rental data from thousands of landlords and other sources...Although federal and state law clearly sets precedent for illegal antitrust and anticompetitive practices, landlords continue to rely on algorithms like RealPage provides, arguing that their practices are not covered under those laws. As such, landlords continue to share and compile competitive data through this platform in order to set inflated rental prices in a manner eerily similar to examples of antitrust violations.

- 2) **Background.** Coordinated price-fixing is an anticompetitive business practice prohibited by federal law and the Cartwright Act, California's primary antitrust statute. The traditional conception of price-fixing involves direct communication by two business competitors who agree to increase their prices in the same market so they each make more money at the expense of consumers. Algorithmic price fixing refers to the use of software to set or recommend prices in ways that result in coordinated outcomes between competitors without any formal agreement. In the contemporary economy, many businesses use algorithms that process huge quantities of data and make recommendations about the prices a business should set. Depending on what data is processed by an algorithm, how many businesses are using the same algorithm in the same market, and other factors, these algorithmic tools can create the same result as coordinated price-fixing: businesses setting similarly high prices to the detriment of consumers. However, the business community reports that use of price-setting algorithms is ubiquitous and not inherently collusive.

This bill is one of several this session that tries to define when use and distribution of price-setting algorithms becomes an anticompetitive practice tantamount to price-fixing. Unlike

the bills referenced below, which more broadly apply to any good or service, SB 52 focuses specifically on algorithms used to make recommendations and set prices for residential housing. According to the author's office, the bill is based on local ordinances banning algorithmic rent-pricing software, which have been adopted by the cities of San Francisco, San Diego, and Berkeley, among others.

- 3) **Related Legislation.** AB 325 (Aguiar-Curry) specifies that using or distributing a common pricing algorithm to further a price-fixing conspiracy is a violation of the Cartwright Act. AB 325 is pending on the Senate Appropriations Committee's suspense file.

SB 295 (Hurtado) prohibits a person from distributing a pricing algorithm, or making recommendations based on a pricing algorithm, to two or more competitors if the person knows or should know that the algorithm processes competitor data. The prohibition applies to price-setting for products, services, and rental property within the same market. SB 295 is pending in this committee.

SB 384 (Wahab) prohibits a person from selling, licensing, providing, or using a price-setting algorithm with the intent or reasonable expectation that it be used by two or more competitors in the same market if the person knows or should know that the algorithm processes nonpublic data. The prohibition applies to price-setting for goods, services, and rental property within the same market. SB 384 is pending in this committee.

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