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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1142

02/19/2025 Authored by Howard, Sencer-Mura, Norris and Jones
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

A bill for an act

relating to housing; prohibiting the use of tenant screening software that uses nonpublic competitor data to set rent; prohibiting the use of tenant screening software that is biased against protected classes; amending Minnesota Statutes 2024, section 504B.245; proposing coding for new law in Minnesota Statutes, chapter 504B.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[504B.242] SCREENING ALGORITHMS.**

Subdivision 1. **Price fixing prohibition.** (a) A landlord shall not employ, use, or rely on or cause another person to employ, use, or rely on, an algorithmic device that uses, incorporates, or was trained on nonpublic competitor data to set the amount of rent to be charged to a tenant for a residential rental unit.

(b) For the purposes of this section, an "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 for the purpose of advising a landlord on the amount of rent the landlord may want to consider charging a tenant, including devices and software more commonly known as revenue management software. An algorithmic device includes a product that incorporates an algorithmic device, but does not include a report by a trade association that publishes renter data in the aggregate and anonymous manner, nor does it include a product that establishes rent or income limits in accordance with the affordable housing program guidelines of a local government, the state, or a federal government law or program.

(c) For the purposes of this section, "nonpublic competitor data" means information that is not widely available or easily accessed by the public, including information about actual

rent prices, occupancy rates, lease start and end dates, and similar data, regardless of whether the data are attributable to a specific competitor or anonymized, when the data are derived from or otherwise provided by another person that competes in the same housing market or in a related housing or rental market.

Subd. 2. **Bias algorithms prohibited.** The use of an algorithm or artificial intelligence software for background screening is prohibited when the screening tool software is likely or known to have a disproportionate and arbitrary effect on a protected class listed in section 363A.09, subdivision 1. A landlord who makes a residential rental determination using a background screening tool that violates this section is liable under section 504B.245. For the purposes of this subdivision, "algorithm" means a computational process, including one derived from machine learning, statistics, or other data processing or artificial intelligence techniques that makes decisions; and "artificial intelligence" means a technology system that can learn, adapt, and make decisions based on data, often using complex algorithms.

EFFECTIVE DATE. This section is effective August 1, 2025, and applies to actions taken on or after that date.

Sec. 2. Minnesota Statutes 2024, section 504B.245, is amended to read:

504B.245 TENANT REPORT; REMEDIES.

In addition to the remedies otherwise provided by law, any person injured by a violation of section 504B.241 or 504B.242 may bring a civil action against a residential tenant screening service or landlord and recover the greater of $1,000 or actual damages, together with costs and disbursements, including costs of investigation and reasonable attorney fees, and receive other equitable relief as determined by the court. The attorney general has the authority to investigate and prosecute violations of section 504B.241.