



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 861
Real Property - Landlord and Tenant - Reusable Tenant Screening Reports**

This bill would allow a prospective tenant to provide a reusable tenant screening report to a landlord for the purpose of vetting their housing application. The goal of the legislation is to increase the accuracy of tenant screening reports and to save tenants money.

Automated Screening Reports are Commonplace

Nine out of ten landlords rely on tenant screening reports to make decisions about who to rent to.¹ These reports typically contain information about an applicant's personal and financial characteristics, including their credit history, arrests and criminal convictions, evictions, and employment.

Many of these reports are generated automatically in seconds by computer algorithms and are never reviewed by a human being before they are provided to a landlord.

Furthermore, many reports do not include the applicant's detailed housing and criminal records, and instead only provide a thumbs up or down risk assessment. This means that inaccurate and mismatched information is not caught on a screening report prior to the rejection of the applicant.

Under federal and state law, the onus is on the consumer to ensure that the information on their consumer report is accurate. However, consumers do not have a way to check consumer reports in advance of their use to ensure their accuracy.

Errors in consumer reports are shockingly common. The Federal Trade Commission found that one in four consumers have a "potentially material error" in their consumer report that makes them look riskier than they actually are.²

¹ "How Automated Background Checks Freeze Out Renters." New York Times, 2020.

² 2015 FTC Report to Congress under Section 319 of the FCRA.

<https://www.ftc.gov/sites/default/files/documents/reports/section-319-fair-and-accurate-credit-transactions-act-2003-fifth-interim-federal-trade-commission/130211factareport.pdf>

Inaccuracies on consumer reports are especially detrimental for people of color. Many landlords use consumer reports to screen applicants for housing. Since a majority of Black and Latino residents rent their homes,³ they are vulnerable to being rejected for housing because of inaccurate information. This is especially likely to happen if an applicant has a common name. This is particularly a concern for Latinos, as more than 12 million Latinos nationwide share just 26 surnames.⁴

Given the current eviction crisis, many Marylanders will be seeking to rent new housing and may face an even harder time securing housing because of inaccuracies on their consumer report.

Reusable Tenant Screening Reports

A reusable tenant screening report is prepared by a consumer reporting agency and contains the same information as a consumer report directly procured by a landlord. The report contains employment verification, eviction and housing history, and a comprehensive search of the applicant's criminal history.

Unlike a traditional consumer report, a reusable tenant screening report is paid for directly by the prospective tenant and is offered free of charge to prospective landlords. A tenant can reuse the screening report for an unlimited number of times within a 30 day period. An example of a company that provides reusable tenant screening reports is MyScreeningReport.com.

Benefits of Reusable Tenant Screening Reports

In Maryland, landlords are currently able to charge a prospective tenant up to \$25 as an application fee to cover the cost of obtaining a consumer report to screen the applicant.⁵ In many competitive housing markets, prospective tenants need to apply for multiple apartments before finding housing. This can be an expensive process for the applicant, as they must pay the cost of the tenant screening fee for each application. With a reusable tenant screening report, the tenant only needs to pay the fee once, thereby saving them money.

Reusable tenant screening reports also have the potential to be more accurate. Screening reports often contain inaccurate information about an applicant, leading to some applicants being unjustly rejected for housing.⁶ Such inaccuracies can arise when information is included about other people who have a similar name as the applicant. With a reusable tenant screening

³ "More U.S. households are renting than at any point in 50 years." Pew Research Center, 2017. <https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/>

⁴ "Hispanic Surnames Rise in Popularity." US Census Bureau, 2017. <https://www.census.gov/library/stories/2017/08/what-is-in-a-name.html>

⁵ Maryland Code, Real Property § 8-213.

⁶ <https://www.nytimes.com/2020/05/28/business/renters-background-checks.html>

report, the applicant is able to review and correct the report for errors before it is sent to the landlord.⁷

What This Bill Does

Under this bill, landlords have the option to accept a reusable tenant screening report, but would not be required to do so. All landlords would have to publicly state if they accept a reusable tenant screening report.

This bill is modeled on law in Washington that has been in effect since 2016. There are hundreds of landlords and apartment complexes in Washington that have opted to accept reusable tenant screening reports, including several companies that also operate in Maryland.

⁷ Applicants have the right under federal law to review their consumer report and to request corrections by the screening company.