Senate Bill 936

Committee: Finance
Bill: Senate Bill 936 – Consumer Protection - High-Risk Artificial Intelligence - Developer and Deployer Requirements
Date: 2/27/25
Position: Informational

The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members house more than 538,000 residents of the State of Maryland. MMHA's membership consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities and more than 250 associate member companies who supply goods and services to the multi-housing industry.

Senate Bill 936 ("SB 936") requires a certain developer of, and a certain deployer who uses, a certain high-risk artificial intelligence system to use reasonable care to protect consumers from known and reasonably foreseeable risks of certain algorithmic discrimination in a certain high-risk artificial intelligence system. Additionally, SB 936 regulates the use of high-risk artificial intelligence systems by establishing certain requirements for disclosures, impact assessments, and other consumer protection provisions. SB 936 would also allow the Office of the Attorney General to enforce the Act and create regulations.

On page 4 line 1, SB936 includes "HOUSING" in its list of consequential decisions that would be subjected to this legislation. Given the new and developing nature of the use of artificial intelligence in the housing industry, MMHA is currently engaging with membership and stakeholders to review this legislation for potential impacts. The immediate concerns stem from housing providers' ability to conduct credit screenings, tenant selections, and utilize pricing tools with industry standard devices.

Several initial questions have been raised by members regarding this legislation:

- Would credit scoring models qualify as a "high-risk artificial intelligence systems" and be subjected to this legislation?

- How would the Office of the Attorney General intend to enforce and establish regulations? Do they have existing resources to act in this capacity? To our knowledge, this would be the first instance of direct regulatory authority coming from the OAG.

- How exactly would developers test for bias based on the list of protected classes in bill?

Additionally, a few general concerns have also been raised:

- Technological Challenges: Ensuring that AI systems are free from algorithmic discrimination and bias can be technically challenging. Developers of the AI systems may need to invest in advanced technologies and expertise to meet these requirements.

- Compliance Costs: Implementing the required changes to ensure AI systems are fair and non-discriminatory may involve significant costs. This includes updating algorithms and conducting regular impact assessments.

- Operational Adjustments: The need for regular impact assessments and detailed disclosures may require changes to existing workflows and processes. This could lead to increased administrative burdens and the need for additional staff or resources.

- Legal and Regulatory Risks: Non-compliance with the bill's requirements could result in legal and regulatory penalties.

MMHA is still eliciting feedback from the housing industry on this legislation, and therefore will defer our position on SB936 to informational at this time. We look forward to engaging with the sponsors and other stakeholders of the legislation to address our questions and concerns.

Please contact Matthew Pipkin, Jr. at (443) 995-4342 or mpipkin@mmhaonline.org with any questions.