

CHAPTER 379

CONSUMER AND COMMERCIAL TRANSACTIONS

HOUSE BILL 21-1134

BY REPRESENTATIVE(S) Ricks and Bradfield, Bacon, Benavidez, Bernett, Bird, Boesenecker, Cutter, Duran, Exum, Froelich, Gray, Hooton, Jackson, Jodeh, Kipp, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Snyder, Young, Garnett; also SENATOR(S) Bridges, Buckner, Fenberg, Gonzales, Hansen, Moreno, Rodriguez, Story.

AN ACT

CONCERNING FACILITATING THE REPORTING OF TENANTS' RENT PAYMENT INFORMATION TO CONSUMER REPORTING AGENCIES AT THE TENANTS' REQUEST, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly finds that:

(a) According to the Urban Institute, home ownership is currently the largest single source of wealth building, but in Colorado, a significant racial gap in home ownership rates exists;

(b) In 2018:

(I) Sixty-eight percent of White households were home owners, compared to thirty-seven percent of Black households and fifty-two percent of Latino households. This is especially problematic because home ownership plays a bigger role in building wealth for communities of color than it does for White households. According to a recent study, home ownership amounts to fifty-three percent of wealth for Blacks and thirty-nine percent of wealth for Whites.

(II) The national mortgage loan denial rate for Black applicants was double that of White applicants, at eighteen percent versus nine percent. Among Black and Latino households, the most common reason for denial was debt-to-income ratios. The second most common reason was credit history.

(c) Due to traditional credit scoring models, many communities of color are credit invisible or unscorable. Roughly fifteen percent of Blacks and Latinos are credit

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

invisible compared to ten percent of Whites; similarly, thirteen percent of Blacks and twelve percent of Latinos are credit unscorable compared to seven percent of Whites. Credit invisibility and unscorability are barriers to financial opportunity that have adverse effects lasting generations.

(2) The general assembly also finds that:

(a) Communities of color find it difficult to gain access to credit, especially when it comes to mortgages;

(b) For renters, the rental payment is often their single largest credit or contractual obligation;

(c) Reporting rental payments is a way to even the playing field and enable communities of color, lower-income households, and residents of rural communities to generate and build credit without taking on additional debt; and

(d) Reporting rental payments allows renters to build credit in much the same way that home owners build credit through the reporting of mortgage payments.

(3) Therefore, the general assembly declares that it is in the best interests of the state to create a pilot program whereby participant tenants may elect to have their rent payment information reported to consumer reporting agencies and thereby build and improve their credit.

SECTION 2. In Colorado Revised Statutes, **add** 24-36-123 as follows:

24-36-123. Rent reporting for credit pilot program - Colorado housing and finance authority - appropriations - repeal. (1) ON OR BEFORE OCTOBER 1, 2021, THE STATE TREASURER SHALL ISSUE A WARRANT IN THE AMOUNT OF TWO HUNDRED FIVE THOUSAND DOLLARS FROM THE TREASURY DEPARTMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY CREATED IN SECTION 29-4-704 FOR THE IMPLEMENTATION OF THE RENT REPORTING FOR CREDIT PILOT PROGRAM CREATED IN SECTION 29-4-1003.

(2) THE GENERAL ASSEMBLY SHALL APPROPRIATE MONEY TO THE TREASURY DEPARTMENT FOR THE PURPOSES OF THIS SECTION AND PART 10 OF ARTICLE 4 OF TITLE 29.

(3) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2024.

SECTION 3. In Colorado Revised Statutes, **add** part 10 to article 4 of title 29 as follows:

PART 10
RENT REPORTING FOR CREDIT PILOT PROGRAM

29-4-1001. Short title. THE SHORT TITLE OF THIS PART 10 IS THE "RENT REPORTING FOR CREDIT PILOT PROGRAM ACT".

29-4-1002. Definitions. AS USED IN THIS PART 10, UNLESS THE CONTEXT

OTHERWISE REQUIRES:

(1) "AUTHORITY" MEANS THE COLORADO HOUSING AND FINANCE AUTHORITY CREATED IN SECTION 29-4-704.

(2) "CONSUMER REPORTING AGENCY" HAS THE MEANING SET FORTH IN 15 U.S.C. SEC. 1681a (f).

(3) "CONTRACTOR" MEANS THE CONTRACTOR WITH WHICH THE AUTHORITY CONTRACTS TO ADMINISTER THE PILOT PROGRAM PURSUANT TO SECTION 29-4-1003 (2).

(4) "DWELLING UNIT" HAS THE MEANING SET FORTH IN SECTION 38-12-502 (3).

(5) "FINANCIAL EDUCATION COURSE" MEANS AN EDUCATIONAL COURSE THAT PROVIDES INFORMATION ABOUT THE IMPORTANCE OF BUILDING AND MAINTAINING GOOD CREDIT, INCLUDING A FINANCIAL EDUCATION COURSE OFFERED BY OR THROUGH A LOCAL BANK, A NONPROFIT ORGANIZATION, THE AUTHORITY, A HOUSING AUTHORITY, A STATE GOVERNMENT AGENCY, A LOCAL GOVERNMENT AGENCY, OR ANY THIRD PARTY UNDER CONTRACT WITH ANY SUCH ENTITY.

(6) "LANDLORD" HAS THE MEANING SET FORTH IN SECTION 38-12-502 (5).

(7) "PARTICIPANT LANDLORD" MEANS A LANDLORD THAT HAS AGREED IN WRITING TO PARTICIPATE IN THE PILOT PROGRAM AND HAS SATISFIED THE REQUIREMENTS DESCRIBED IN SECTION 29-4-1003 (3)(b).

(8) "PARTICIPANT TENANT" MEANS A TENANT THAT HAS ELECTED TO PARTICIPATE IN THE PILOT PROGRAM AND SATISFIED THE REQUIREMENTS DESCRIBED IN SECTION 29-4-1003 (4) AND WHOSE LANDLORD IS A PARTICIPANT LANDLORD.

(9) "PILOT PROGRAM" MEANS THE RENT REPORTING FOR CREDIT PILOT PROGRAM CREATED IN SECTION 29-4-1003.

(10) "RENT PAYMENT INFORMATION" MEANS INFORMATION CONCERNING A TENANT'S TIMELY PAYMENT OF RENT, UNTIMELY PAYMENT OF RENT, OR NONPAYMENT OF RENT. "RENT PAYMENT INFORMATION" DOES NOT INCLUDE INFORMATION CONCERNING A TENANT'S PAYMENT OR NONPAYMENT OF ANY FEES.

(11) "TENANT" HAS THE MEANING SET FORTH IN SECTION 38-12-502 (9).

29-4-1003. Rent reporting for credit pilot program - created - third-party contractor - participant landlords and participant tenants - financial education courses required - compensation for participant landlords. (1) THE RENT REPORTING FOR CREDIT PILOT PROGRAM IS CREATED TO FACILITATE THE REPORTING OF PARTICIPANT TENANTS' RENT PAYMENT INFORMATION TO CONSUMER REPORTING AGENCIES.

(2) ON OR BEFORE OCTOBER 1, 2021, THE AUTHORITY SHALL CONTRACT WITH A THIRD PARTY TO ADMINISTER THE PILOT PROGRAM. THE CONTRACTOR SHALL ADMINISTER THE PILOT PROGRAM IN ACCORDANCE WITH THIS PART 10 AND RULES

PROMULGATED BY THE AUTHORITY PURSUANT TO SECTION 29-4-1004.

(3) (a) ON AND AFTER OCTOBER 15, 2021, THE CONTRACTOR, IN CONSULTATION WITH THE AUTHORITY, SHALL RECRUIT NO MORE THAN TEN PARTICIPANT LANDLORDS AND, TO THE EXTENT PRACTICABLE, SHALL ATTEMPT TO INCLUDE A TOTAL OF AT LEAST ONE HUNDRED PARTICIPANT TENANTS, WITH AN EMPHASIS ON SELECTING PARTICIPANT TENANTS FROM POPULATIONS THAT ARE UNDER-SERVED AND UNDER-REPRESENTED IN HOME OWNERSHIP. TO THE EXTENT PRACTICABLE, THE CONTRACTOR SHALL RECRUIT PARTICIPANT LANDLORDS WHO OFFER:

(I) A VARIETY OF TYPES OF DWELLING UNITS FOR RENT, INCLUDING DWELLING UNITS OF VARIOUS SIZES;

(II) DWELLING UNITS FOR RENT THAT ARE LOCATED IN DIVERSE AREAS OF THE STATE; AND

(III) AT LEAST FIVE DWELLING UNITS FOR RENT.

(b) IN ORDER TO BECOME A PARTICIPANT LANDLORD, A LANDLORD MUST AGREE IN WRITING:

(I) TO PARTICIPATE IN THE PILOT PROGRAM FOR AT LEAST FOURTEEN MONTHS, BUT THE AUTHORITY SHALL NOT REQUIRE A LANDLORD TO REPORT A PARTICIPANT TENANT'S RENT PAYMENT INFORMATION UNDER THE PILOT PROGRAM AFTER APRIL 1, 2024;

(II) NOT TO CHARGE A PARTICIPANT TENANT FOR PARTICIPATION IN THE PILOT PROGRAM;

(III) TO COMPLY WITH RULES PROMULGATED BY THE AUTHORITY PURSUANT TO SECTION 29-4-1004; AND

(IV) TO PROVIDE INFORMATION, TO THE EXTENT PRACTICABLE, TO THE AUTHORITY AND THE CONTRACTOR CONCERNING THE EXECUTION OF THE PROGRAM FOR THE PURPOSE OF INFORMING THE REPORT DESCRIBED IN SECTION 29-4-1005.

(c) THE CONTRACTOR MAY WORK WITH STATEWIDE OR NATIONAL ASSOCIATIONS OF LANDLORDS TO IDENTIFY POTENTIAL PARTICIPANT LANDLORDS.

(d) THE CONTRACTOR SHALL SUPPORT AND WORK WITH LANDLORDS TO RECRUIT TENANTS TO PARTICIPATE IN THE PILOT PROGRAM.

(4) A TENANT MAY PARTICIPATE IN THE PILOT PROGRAM ONLY IF THE TENANT AGREES TO PARTICIPATE AND COMPLETES A FINANCIAL EDUCATION COURSE. A PARTICIPANT TENANT MUST DEMONSTRATE THAT THE PARTICIPANT TENANT HAS COMPLETED A FINANCIAL EDUCATION COURSE BEFORE THE PARTICIPANT TENANT MAY HAVE A PARTICIPANT LANDLORD REPORT THE PARTICIPANT TENANT'S RENT PAYMENT INFORMATION.

(5) ON AND AFTER OCTOBER 15, 2021, THE CONTRACTOR SHALL:

(a) PROVIDE EDUCATION TO PARTICIPANT LANDLORDS AND POTENTIAL PARTICIPANT LANDLORDS CONCERNING THE REQUIREMENTS OF PARTICIPATION IN THE PILOT PROGRAM; AND

(b) PROVIDE INFORMATION TO PARTICIPANT LANDLORDS TO HELP RECRUIT PARTICIPANT TENANTS, INCLUDING, AT A MINIMUM, INFORMATION CONCERNING HOW TO PARTICIPATE IN THE PILOT PROGRAM AND THE LIST OF FINANCIAL EDUCATION COURSES ESTABLISHED PURSUANT TO RULES PROMULGATED BY THE AUTHORITY PURSUANT TO SECTION 29-4-1004.

(6) PARTICIPANT LANDLORDS THAT SATISFY THE REQUIREMENTS DESCRIBED IN SUBSECTION (3)(b) OF THIS SECTION MAY BE ELIGIBLE TO RECEIVE COMPENSATION FOR THEIR PARTICIPATION IN THE PILOT PROGRAM. SUCH COMPENSATION:

(a) SHALL BE PAID FROM MONEY RECEIVED BY THE AUTHORITY FROM THE STATE TREASURER PURSUANT TO SECTION 24-36-123; AND

(b) SHALL BE PAID TO PARTICIPANT LANDLORDS IN ACCORDANCE WITH RULES ESTABLISHED BY THE AUTHORITY PURSUANT TO SECTION 29-4-1004.

29-4-1004. Rent reporting for credit pilot program - rules. (1) ON OR BEFORE OCTOBER 1, 2021, THE AUTHORITY SHALL ESTABLISH RULES FOR THE ADMINISTRATION OF THE PILOT PROGRAM. AT A MINIMUM, THE RULES MUST:

(a) INCLUDE A LIST OF FINANCIAL EDUCATION COURSES THAT TENANTS MAY COMPLETE IN ORDER TO PARTICIPATE IN THE PILOT PROGRAM, INCLUDING ONLINE CLASSES SORTED BY LOCATION AND, TO THE EXTENT PRACTICABLE, ADDRESSES, PHONE NUMBERS, WEBSITES, AND OTHER CONTACT INFORMATION;

(b) ENSURE THAT EACH PARTICIPANT LANDLORD REPORTS ONLY RENT PAYMENT INFORMATION CONCERNING A PARTICIPANT TENANT'S PAYMENT OR NONPAYMENT OF RENT AFTER THE DATE UPON WHICH THE PARTICIPANT TENANT ELECTED TO PARTICIPATE IN THE PILOT PROGRAM;

(c) ESTABLISH AMOUNTS, SCHEDULES, AND OTHER TERMS OF COMPENSATION FOR PARTICIPANT LANDLORDS PURSUANT TO SECTION 29-4-1003 (6); AND

(d) ESTABLISH A STANDARD FORM FOR PARTICIPANT TENANTS TO USE TO ELECT TO PARTICIPATE OR CEASE PARTICIPATING IN THE PILOT PROGRAM, WHICH STANDARD FORM MAY BE ELECTRONIC AND MUST INCLUDE:

(I) A STATEMENT THAT THE PARTICIPANT TENANT'S PARTICIPATION IN THE PILOT PROGRAM IS VOLUNTARY AND THAT A PARTICIPANT TENANT MAY CEASE PARTICIPATING IN THE PILOT PROGRAM AT ANY TIME AND FOR ANY REASON BY PROVIDING NOTICE TO THE PARTICIPANT TENANT'S PARTICIPANT LANDLORD;

(II) A STATEMENT THAT ALL OF THE PARTICIPANT TENANT'S RENT PAYMENTS MAY BE REPORTED, REGARDLESS OF WHETHER THE PAYMENTS ARE TIMELY, LATE, OR MISSED, AND THAT REPORTING MAY COMMENCE WITHIN THIRTY DAYS AFTER THE PARTICIPANT TENANT ELECTS TO PARTICIPATE IN THE PILOT PROGRAM;

(III) A STATEMENT THAT IF THE PARTICIPANT TENANT ELECTS TO CEASE PARTICIPATING IN THE PILOT PROGRAM, THE PARTICIPANT TENANT MAY NOT RESUME PARTICIPATING IN THE PILOT PROGRAM;

(IV) INSTRUCTIONS DESCRIBING HOW TO ELECT TO CEASE PARTICIPATING IN THE PILOT PROGRAM; AND

(V) A SIGNATURE BLOCK WHERE THE PARTICIPANT TENANT MAY SIGN AND DATE THE FORM.

29-4-1005. Rent reporting for credit pilot program - report. (1) ON OR BEFORE JUNE 1, 2024, THE AUTHORITY, IN CONSULTATION WITH THE CONTRACTOR, SHALL SUBMIT TO THE GOVERNOR AND THE GENERAL ASSEMBLY A REPORT CONCERNING THE PILOT PROGRAM. AT A MINIMUM, THE REPORT MUST INDICATE:

(a) THE NUMBER OF PARTICIPANT LANDLORDS, INCLUDING AN INDICATION AS TO WHETHER MORE THAN TEN LANDLORDS EXPRESSED AN INTEREST IN PARTICIPATING;

(b) THE NUMBER OF PARTICIPANT TENANTS, INCLUDING THE NUMBER OF PARTICIPANT TENANTS WHO CEASED PARTICIPATING IN THE PILOT PROGRAM;

(c) THE DEMOGRAPHICS OF PARTICIPANT TENANTS, INCLUDING RACE, ETHNICITY, GENDER, INCOME, AND AGE, AS MAY BE VOLUNTARILY PROVIDED BY PARTICIPANT TENANTS;

(d) THE COST OF ADMINISTERING THE PILOT PROGRAM;

(e) THE NUMBER OF RESIDENTIAL PROPERTIES OFFERED BY EACH LANDLORD;

(f) FOR EACH PARTICIPANT LANDLORD:

(I) THE NATURE OF THE REPORTING MECHANISM USED TO REPORT PARTICIPANT TENANTS' RENT PAYMENT INFORMATION TO CONSUMER REPORTING AGENCIES; AND

(II) THE CITY AND COUNTY OF EACH PROPERTY OFFERED BY THE PARTICIPANT LANDLORD;

(g) A SHORT NARRATIVE OF CHALLENGES FACED BY PARTICIPANT LANDLORDS AND PARTICIPANT TENANTS DURING THE PILOT PROGRAM; AND

(h) A SIMPLE ASSESSMENT OF HOW THE PILOT PROGRAM, IN AGGREGATE, POSITIVELY OR NEGATIVELY AFFECTED PARTICIPATING TENANTS' CREDIT.

(2) IN ADDITION TO THE INFORMATION DESCRIBED IN SUBSECTION (1) OF THIS SECTION, THE REPORT MAY INCLUDE ANY RECOMMENDATIONS OF THE AUTHORITY CONCERNING THE CONTINUATION OR REPEAL OF THE PILOT PROGRAM.

(3) THE AUTHORITY SHALL MAKE THE REPORT DESCRIBED IN SUBSECTION (1) OF THIS SECTION AVAILABLE ON ITS PUBLIC WEBSITE FOR AT LEAST ONE YEAR AFTER THE AUTHORITY SUBMITS THE REPORT.

29-4-1006. Repeal of part. THIS PART 10 IS REPEALED, EFFECTIVE SEPTEMBER 1, 2024.

SECTION 4. Appropriation. For the 2021-22 state fiscal year, \$205,000 is appropriated to the department of treasury. This appropriation is from the general fund. To implement this act, the department may use this appropriation for payment to the Colorado housing and finance authority for the rent reporting for credit pilot program.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Approved: June 29, 2021