

House File 2469 - Introduced

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BY McBURNEY

A BILL FOR

1 An Act prohibiting the use of an automated decision-making system
2 to alter the price of a product or service for a specific
3 individual based on surveillance data, and providing civil
4 penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **554J.1 Definitions.**

2 For purposes of this chapter:

3 1. "*Automated decision-making system*" means a system that
4 uses artificial intelligence or algorithms to make decisions or
5 predictions with little or no human intervention.

6 2. "*Surveillance data*" means data obtained through
7 observation, inference, or surveillance of an individual that
8 is related to the characteristics, behaviors, salaries, or
9 biometrics of the individual or a group to which the individual
10 belongs.

11 Sec. 2. NEW SECTION. **554J.2 Automated decision-making**
12 **systems — prohibited acts.**

13 1. A person shall not use an automated decision-making system
14 to alter the price of a product or service for a specific
15 individual based on surveillance data.

16 2. A person that violates this section commits an unfair
17 practice under section 714.16 and under chapter 714H.

18 Sec. 3. NEW SECTION. **554J.3 Limitations.**

19 This chapter does not apply to the use of an automated
20 decision-making system to alter the price of a product or service
21 for a specific individual for any of the following reasons:

22 1. Due to the difference in costs to provide a product or
23 service to a specific individual.

24 2. Due to a bona fide discount that is widely available to
25 members of the public, including but not limited to membership
26 discounts, military and student discounts, senior discounts, and
27 discounts due to a special event.

28 3. When the person using an automated decision-making system
29 is an insurer using the automated decision-making system to
30 determine the amount a consumer must pay for an insurance policy
31 or contract.

32 4. When the person using an automated decision-making system
33 is using the automated decision-making system to determine
34 whether to extend a line of credit to, or refuse to enter into
35 a transaction with, an individual based on data provided in a

1 consumer report covered by the federal Fair Credit Reporting Act,
2 15 U.S.C. §1681 et seq.

3 Sec. 4. NEW SECTION. **554J.4 Attorney general rulemaking**
4 **authority.**

5 The attorney general shall adopt rules pursuant to chapter 17A
6 to implement and enforce this chapter.

7 Sec. 5. Section 714.16, subsection 2, Code 2026, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. t. It is an unlawful practice for a person to
10 violate section 554J.2.

11 Sec. 6. Section 714H.3, subsection 2, Code 2026, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. Of. Section 554J.2.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill prohibits the use of an automated decision-making
18 system to alter the price of a product or service for a specific
19 individual based on surveillance data. A person who violates
20 the bill's provisions commits an unlawful practice and shall
21 be subject to civil action according to Code section 714.16
22 (consumer fraud) and Code chapter 714H (consumer fraud — private
23 action), which can result in remedies including but not limited
24 to an injunction, restoration of a person's money or property,
25 disgorgement of moneys or property, a civil penalty of up to
26 \$40,000 per violation, and liability pursuant to a private cause
27 of action.

28 The bill lists several instances when a person may use an
29 automated decision-making system to alter the price of a product
30 or service for a specific individual.

31 The bill defines "automated decision-making system" as a
32 system that uses artificial intelligence or algorithms to make
33 decisions or predictions with little or no human intervention.

34 The bill defines "surveillance data" as data obtained through
35 observation, inference, or surveillance of an individual that

1 is related to the characteristics, behaviors, salaries, or
2 biometrics of the individual or a group to which the individual
3 belongs.

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