

SF4138 - 0 - Consumer Protections in Residential Real Estate

Chief Author: **Judy Seeberger**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **3/14/2024 8:45:21 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Attorney General Supreme Court

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
State Total						
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/14/2024 8:45:21 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

SF4138 - 0 - Consumer Protections in Residential Real Estate

Chief Author: **Judy Seeberger**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **3/14/2024 8:45:21 PM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/5/2024 7:43:39 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

SF 4138 reflects the legislation brought forward by Commerce this session. These include, changes involving insurance and loss assessments, unfair listing agreements, and a repeal of the exemption included in our debt collection statute.

Assumptions

Assuming the bill passes as is, there would be no fiscal impact to Commerce.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations**Local Fiscal Impact****References/Sources****Agency Contact:**

Agency Fiscal Note Coordinator Signature: Amy Trumper

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SF4138 - 0 - Consumer Protections in Residential Real Estate

Chief Author: **Judy Seeberger**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **3/14/2024 8:45:21 PM**
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

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Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 2/29/2024 3:43:02 PM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill prohibits unfair residential real estate service agreements in Minnesota. The bill identifies prohibited unfair service agreements as those that provide an exclusive right to a service provider for a term longer than one year after the agreement is executed and (1) purports to run with the land or bind future owners; (2) allows for the assignment of the right to provide service without notice to and consent of the property owner; or (3) is recorded or purports to create a lien, encumbrance, or other real property security interest. The bill prohibits the recording of unfair service agreements, deems unfair service agreements unenforceable, and prohibits soliciting consumers to enter into unfair service agreements. The bill provides both a private right of action and explicit enforcement authority to the Attorney General under section 8.31.

Assumptions

The Attorney General's Office does not project any defined expenditures, absorbed costs, or revenues from the bill. Investigations of alleged violations of the bill's prohibitions or litigation to enforce the law would be pursued by the Office's existing attorneys and investigators dedicated to consumer protection issues.

Expenditure and/or Revenue Formula

n/a

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

n/a

Agency Contact: Laura Sayles

Agency Fiscal Note Coordinator Signature: Laura Capuana

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Date: 2/29/2024 10:33:05 AM

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SF4138 - 0 - Consumer Protections in Residential Real Estate

Chief Author: **Judy Seeberger**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **3/14/2024 8:45:21 PM**
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karen McKey **Date:** 3/12/2024 2:51:14 PM
Phone: 651-284-6429 **Email:** karen.mckey@lbo.mn.gov

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

SF 4138-0 ("the bill") prohibits unfair residential real estate service agreements in Minnesota. The bill identifies prohibited unfair service agreements as those that provide an exclusive right to a service provider for a term longer than one year after the agreement is executed and (1) purports to run with the land or bind future owners; (2) allows for the assignment of the right to provide service without notice to and consent of the property owner; or (3) is recorded or purports to create a lien, encumbrance, or other real property security interest. The bill prohibits the recording of unfair service agreements, deems unfair service agreements unenforceable, and prohibits soliciting consumers to enter into unfair service agreements. The bill provides both a private right of action and explicit enforcement authority to the Attorney General under Minn. Stat. § 8.31 and identifies a two-year statute of limitations for applicable claims.

Assumptions

It is assumed that the new right of action in this bill will not result in an overall increase in the number of civil case filings in District Court, as aggrieved persons were previously able to file civil actions under common law contractual theories or "quasi-contract" theories such as unjust enrichment or promissory estoppel.

Any increase in civil case filings due to specific conduct identified in the bill is expected to be nominal, as Minnesota Chapter 515A (Uniform Condominium Act) and 515B (Minnesota Common Interest Ownership Act), which both provide causes of action relating to a contract and/or clause that is unconscionable, have averaged only 1-2 cases per year over the last 5 years.

Expenditure and/or Revenue Formula

It is anticipated that the impact on case filing rates will likely be minimal and that the bill will not have a significant fiscal impact on the judicial branch.

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Callie Lehman

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Date: 3/12/2024 8:56:11 AM

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