

S4279 • New Jersey

Provides disparate impact based on automated decision system as cause of action for certain consumers.

Introduced

Risk: High

Comprehensive

Effective: Jun 13, 2026 | Last Action (May 14, 2026): Introduced in the Senate, Referred to Senate Commerce Committee

Summary

This bill allows consumers to challenge automated decision systems in housing and lending if they cause disparate impacts on protected classes, with an affirmative defense for covered entities.

Business Impact

If you use AI in housing or lending decisions in New Jersey, you must conduct algorithmic impact assessments every two years or face fines.

Key Provisions

- Prohibits use of automated decision systems that result in disparate impacts on protected classes.
- Requires covered entities to conduct algorithmic impact assessments every two years.
- Mandates clear notice to individuals when automated systems are used in decisions.
- Gives individuals the right to request human review of automated decisions.
- Establishes penalties for non-compliance, including fines of at least \$5,000.
- Holds covered entities liable for the actions of their agents and vendors.
- Provides an affirmative defense for covered entities demonstrating a substantial, legitimate, nondiscriminatory purpose.

Compliance Checklist

- Conduct algorithmic impact assessments | Who: Covered entities using automated decision systems | Penalty: Fines of at least \$5,000 for non-compliance
- Provide notice of automated decision system use | Who: Covered entities making housing or credit decisions | Penalty: Fines of at least \$5,000 for failure to notify

Industries Affected

Lending

Consumer Protection

Financial Services

Housing

Topics

Automated Decision-Making

Bill Sponsors

Name	Party	Role
Troy Singleton	D	Sponsor

Official Source

<https://www.njleg.state.nj.us/bill-search/2026/S4279>

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