STATE OF NEW YORK

4334

2023-2024 Regular Sessions

IN ASSEMBLY

February 14, 2023

Introduced by M. of A. HYNDMAN -- read once and referred to the Committee on Judiciary

AN ACT to amend the general obligations law, in relation to the provisions of consumer and employment contracts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general obligations law is amended by adding a new section 5-303 to read as follows:

§ 5-303. Consumer and employment contracts. 1. Findings. Obscure and overly complex language in consumer and employment contracts interferes with employees' and consumers' ability to provide meaningful assent to their consumer and employment contracts. To ensure that private parties comprehend the material terms of the consumer and employment contracts into which they enter, this section requires that merchants and employers in designated forms of contracts adequately disclose terms and conditions.

2. Non-conforming coverage. This section shall apply to the contracts designated in subdivision one of this section that meet any of the following criteria:

(a) an employment or consumer contract not written in plain language, pursuant to section 5-702 of this article, that a reasonable consumer or employee would understand; or

(b) if a consumer contract, all of the material terms are not found in a single document.

3. Covered contracts. The provisions of this section shall apply to the following types of contracts:

(a) consumer contracts; and

(b) employment contracts.

4. Rights when a covered contract is non-conforming. A consumer or employee may seek a court order reforming any contract covered by this section. Such reformed agreement shall reflect the understanding of the

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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parties, and the court may exclude terms not written in plain English or found in a separate document.

5. Pre-existing rules. The provisions of this section shall be applied in conjunction with pre-existing rules regarding contract formation, including rules regarding reasonable notice, and the conduct a consumer or employee must manifest in order to assent to an agreement. The provisions of this subdivision shall not apply to agreements negotiated with any labor union through collective bargaining.

§ 2. This act shall take effect on the one hundred eightieth day after it shall have become a law.