

STATE OF NEW YORK

9315--B

IN ASSEMBLY

February 28, 2024

Introduced by M. of A. ALVAREZ -- read once and referred to the Committee on Labor -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Codes -- reported and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the labor law, in relation to restricting the use of electronic monitoring and automated employment decision tools

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

1 Section 1. The labor law is amended by adding a new article 36 to read
2 as follows:

ARTICLE 36

BOUNDARIES ON TECHNOLOGY ACT

Section 1010. Definitions.

6 1011. Automated employment decision tools; impact assessments.

7 1012. Automated employment decision tools; notice and
8 restrictions.

9 1013. Data access, accuracy, and correction.

10 1014. Unlawful retaliation.

11 1015. Vendor notice.

12 1016. Enforcement.

13 § 1010. Definitions. For the purposes of this section, the following
14 terms have the following meanings:

15 1. "Aggregated employee data" means employee data that an employer has
16 combined, or collected together, in a summary or other form so that the
17 employee data cannot be identified with any specific employee.

18 2. "Automated employment decision tool" means any computational proc-
19 ess, automated system, or algorithm derived from machine learning,
20 statistical modeling, data analytics, artificial intelligence, or simi-
21 lar methods that issues an output, including a score, classification,
22 ranking, or recommendation that is used to assist or replace human deci-
23 sion making on employment decisions that impact natural persons. "Auto-
24 ated employment decision tool" does not include a tool that does not

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

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1 automate, support, assist or replace discretionary employment decision-
2 making processes and that does not materially impact natural persons,
3 including, but not limited to, a junk email filter, firewall, antivirus
4 software, calculator, spreadsheet, database, data set, or other compila-
5 tion of data.

6 3. "Candidate" means any natural person or their authorized represen-
7 tative seeking employment through an application, or who is screened or
8 evaluated for recruitment, for a position of employment by a business
9 operating in the state.

10 4. "Employer" means any person who directly or indirectly, or through
11 an agent or any other person, employs or exercises control over the
12 wages, benefits, other compensation, hours, working conditions, access
13 to work or job opportunities, or other terms or conditions of employ-
14 ment, of any worker, including the state, county, town, city, school
15 district, public authority or other governmental subdivision of any
16 kind. "Employer" includes any of the employer's agents, contractors, or
17 subcontractors.

18 5. "Employee" means any natural person or their authorized represen-
19 tative acting for, employed by, or a person classified as an independent
20 contractor providing service to, or through, an employer operating in
21 the state. An employee shall be deemed to be operating in the state for
22 purposes of deeming an employee to be covered by this article if the
23 employee works at least part time at a location in the state, or if
24 fully remote, the employee is associated with an office in the state or
25 supervised by a person who works at least part time at a location in the
26 state. Employee can mean a former employee.

27 6. "Employee data" means any information that identifies, relates to,
28 describes, is reasonably capable of being associated with, or could
29 reasonably be linked, directly or indirectly, with a particular employ-
30 ee, regardless of how the information is collected, inferred, or
31 obtained. Data includes, but is not limited to, the following:

32 (a) personal identity information, including the individual's name,
33 contact information, government-issued identification number, financial
34 information, criminal background, or employment history;

35 (b) biometric information that can be used to establish individual
36 identity;

37 (c) health information, including the individual's medical history,
38 physical or mental condition, diet or physical activity patterns, heart
39 rate, medical treatment or diagnosis by a health care professional,
40 health insurance policy number, subscriber identification number, or
41 other unique identifier used to identify the individual; and

42 (d) data related to workplace activities, including the following:

43 (i) human resources information, including the contents of an individ-
44 ual's personnel file or performance evaluations;

45 (ii) work process information, such as data relating to an individual
46 employee's performance, including but not limited to quantities of tasks
47 performed, quantities of items or materials handled or produced, rates
48 or speeds of tasks performed, measurements or metrics of employee
49 performance in relation to a quota, and time categorized as performing
50 tasks or not performing tasks;

51 (iii) data that captures workplace communications and interactions,
52 including emails, texts, internal message boards, and customer inter-
53 action and ratings;

54 (iv) device usage and data, including calls placed or geolocation
55 information;

1 (v) inputs to or outputs generated by an automated employment decision
2 tool that are linked to the individual; and

3 (vi) data collected or generated on workers to mitigate the spread of
4 infectious diseases, including COVID-19, or to comply with public health
5 measures.

6 7. "Employment decision" means any decision made by the employer that
7 affects wages, benefits, other compensation, hours, work schedule,
8 performance evaluation, hiring, selecting for recruitment, discipline,
9 promotion, termination, job content, assignment of work, access to work
10 opportunities, productivity requirements, and workplace health and safe-
11 ty. For persons classified as independent contractors or for candidates
12 for employment, this means the equivalent of these decisions based on
13 their contract with or relationship to the employer.

14 8. "Impact assessment" means an evaluation by an impartial auditor
15 that complies with section one thousand eleven of this article.

16 9. "Impartial auditor" means a person or entity that conducts an
17 impact assessment of an automated employment decision tool in a manner
18 that exercises objective and impartial judgment on all issues within the
19 scope of such evaluation or assessment.

20 10. "Protected class" means a class enumerated in section two hundred
21 ninety-six of the executive law.

22 11. "Vendor" means any person or entity who sells, distributes, or
23 develops for sale an automated employment decision tool to be used in an
24 employment decision made by an employer in the state. "Vendor" includes
25 any of the vendor's agents, contractors, or subcontractors.

26 § 1011. Automated employment decision tools; impact assessments. 1. It
27 shall be unlawful for an employer with one hundred or more employees to
28 use an automated employment decision tool for an employment decision
29 unless such tool has been the subject of an impact assessment. Impact
30 assessments for automated employment decision tools must:

31 (a) be conducted no more than one year prior to the use of such tool,
32 or where the tool was in use by the employer before the effective date
33 of this article, within six months of the effective date of this arti-
34 cle;

35 (b) be conducted by an impartial party with no financial or legal
36 conflicts of interest;

37 (c) identify and describe the attributes and modeling techniques that
38 the tool uses to produce outputs;

39 (d) consider, identify, and describe any outputs produced by the tool
40 that may result in a disparate impact on persons belonging to a
41 protected class, and what actions may be taken by the employer or vendor
42 of the tool to reduce or remedy that disparate impact;

43 (e) consider and describe potential sources of adverse impact against
44 protected classes that may arise after the tool is deployed;

45 (f) identify and describe any other assessment of risks of discrimi-
46 nation or a disparate impact of the tool on members of a protected class
47 that arise over the course of the impact assessment, and what actions
48 may be taken to reduce or remedy that risk;

49 (g) for any finding of a disparate impact or limit on accessibility,
50 evaluate whether the data set, attribute, or feature of the tool at
51 issue is the least discriminatory method of assessing a candidate's
52 performance or ability to perform job functions; and

53 (h) be submitted in its entirety or an accessible summary form to the
54 department for inclusion in a public registry of such impact assessments
55 within sixty days of completion, and distributed to employees who may be
56 subject to the tool.

1 2. An employer subject to the provisions of this section shall conduct
2 or commission subsequent impact assessments each year that the tool is
3 in use for employment decisions. Subsequent impact assessments shall
4 comply with the requirements of subdivision one of this section, and
5 shall assess and describe any change in the validity or disparate impact
6 of the tool.

7 3. An employer or vendor subject to the provisions of this section
8 shall retain all documentation pertaining to the design, development,
9 use, and data of an automated employment decision tool that may be
10 necessary to conduct an impact assessment for a period of three years to
11 ensure compliance with commissioner requests for data.

12 4. If an initial or subsequent impact assessment requires the
13 collection of employee data to assess a tool's disparate impact on
14 employees, such data shall be collected, processed, stored, and retained
15 in such a manner as to protect the privacy of employees, and shall
16 comply with any data retention and security requirements specified by
17 the commissioner. Employee data provided to auditors for the purpose of
18 an impact assessment shall not be shared with the employer, nor shall it
19 be shared with any person, business entity, or other organization unless
20 strictly necessary for the completion of the impact assessment.

21 5. If an initial or subsequent impact assessment concludes that a data
22 set, feature, or application of the automated employment decision tool
23 results in a disparate impact on persons belonging to a protected class,
24 an employer shall refrain from using the tool until it:

25 (a) takes reasonable and appropriate steps to remedy that disparate
26 impact; and

27 (b) where the employer believes the impact assessment finding of a
28 disparate impact is erroneous, or that the steps taken in accordance
29 with paragraph (a) of this subdivision sufficiently address those find-
30 ings such that the tool may be lawfully used in accordance with this
31 article, the employer shall submit to the commissioner how the data set,
32 feature, or application of the tool is the least discriminatory method
33 of assessing an employee's performance or ability to complete essential
34 functions of a position.

35 6. It shall be unlawful for an impartial auditor, vendor, or employer
36 to manipulate, conceal, or misrepresent the results of an impact assess-
37 ment.

38 7. Nothing in this article shall be construed as prohibiting an
39 employer from implementing a lawful affirmative action plan or engaging
40 in otherwise lawful efforts to reduce or eliminate bias in employment
41 decisions.

42 § 1012. Automated employment decision tools; notice and restrictions.

43 1. (a) Any employer that uses an automated employment decision tool to
44 assess or evaluate an employee or candidate shall notify employees and
45 candidates subject to the tool before or at the time an employment deci-
46 sion is made:

47 (i) that an automated employment decision tool will be used in
48 connection with the assessment or evaluation of such employee or candi-
49 date;

50 (ii) the job qualifications and characteristics that such automated
51 employment decision tool will assess, what employee or candidate data or
52 attributes the tool will use to conduct that assessment, and what kind
53 of outputs the tool will produce as an evaluation of such employee or
54 candidate;

55 (iii) what employee or candidate data is collected for the automated
56 employment decision tool, the source of such data and the employer's

1 data retention policy. Information pursuant to this section shall not
2 be disclosed where such disclosure would violate local, state, or feder-
3 al law, or interfere with a law enforcement investigation; and

4 (iv) the results of the most recent impact assessment of the automated
5 employment decision tool, including any findings of a disparate impact
6 and associated response from the employer, or information about how to
7 access that information if publicly available.

8 (b) The notice required by this subdivision shall be:

9 (i) written in clear and plain language;

10 (ii) included in each job posting or advertisement for each position
11 for which the automated employment decision tool will be used; and

12 (iii) posted on the employer's website in English and the ten most
13 commonly spoken non-English languages in the state.

14 2. (a) Notwithstanding the provisions of section one thousand ten of
15 this article, an employer shall not use an automated employment decision
16 tool:

17 (i) in such a manner that results in a violation of labor, employment,
18 civil rights or human rights law or any other law of this state; or

19 (ii) in a manner not consistent with the scope of the impact assess-
20 ment required by section one thousand ten of this article.

21 (b) An employer shall not solely rely on output from an automated
22 employment decision tool when making hiring, promotion, termination,
23 disciplinary, or compensation decisions. For an employer to satisfy the
24 requirements of this paragraph:

25 (i) An employer shall establish meaningful human oversight of such
26 decisions based in whole or in part on the output of automated employ-
27 ment decision tools. Such meaningful human oversight of such decisions
28 shall require consideration of information other than automated
29 employment decision tool outputs, including but not limited to: supervi-
30 sory or managerial evaluations, personnel files, employee work products,
31 or peer reviews.

32 (c) An employer shall not require employees or candidates to consent
33 to the use of an automated employment decision tool in an employment
34 decision in order to be considered for an employment decision, nor shall
35 an employer discipline or disadvantage an employee or candidate for
36 employment as a result of their request for accommodation.

37 § 1013. Data access, accuracy, and correction. 1. (a) An employer
38 shall ensure that any employee data that is used by an automated employ-
39 ment decision tool for an employment decision is accurate and, where
40 relevant, kept up to date for a period of three years.

41 (b) A current or former employee whose data was used by an automated
42 employment decision tool for an employment decision has the right to
43 request, and the employer shall provide, a copy of the employee's own
44 data.

45 (c) Such requested records pursuant to this section shall be provided
46 at no cost to the current or former employee. A former employee is
47 limited to one request per year pursuant to this subdivision.

48 (d) An employer that receives a written or oral request for informa-
49 tion pursuant to this section shall comply with the request as
50 soon as practicable, but no later than fourteen calendar days from the
51 date of the request.

52 (e) An employer shall provide information pursuant to this section in
53 English or, if applicable, in the language identified by the employee as
54 the primary language of such employee.

55 (f) An employer that does not monitor this data has no obligation to
56 provide it.

1 2. (a) An employer that receives an employee request to correct inaccurate data shall investigate and determine whether such data is inaccurate.
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4 (b) If an employer, upon investigation, determines that such data is inaccurate, the employer shall:

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6 (i) promptly correct the inaccurate data and inform the employee of the employer's decision and action;

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8 (ii) review and adjust, as appropriate, any employment decisions that were based on the inaccurate data and inform the employee of the adjustment; and
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11 (iii) inform any third parties with which the employer shared the inaccurate data, or from which the employer received the inaccurate data, and direct them to correct it, and provide the employee with a copy of such action.
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15 (c) If an employer, upon investigation, determines that the data is accurate, the employer shall inform the employee of the decision not to amend the data, the steps taken to verify the accuracy of the data, and any evidence supporting the decision not to amend the data.
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19 § 1014. Unlawful retaliation. For purposes of this article, there shall be a rebuttable presumption of unlawful retaliation if an employer in any manner discriminates, retaliates, or takes any adverse action against any employee within ninety days of the employee doing either of the following:
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24 1. Initiating the employee's first request in a calendar year for information pursuant to section one thousand thirteen of this article.

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26 2. Making a complaint related to any violation of this article, inclusive, to the commissioner, the department, other local or state governmental agency, or the employer.
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29 § 1015. Vendor notice. 1. Any vendor who sells, distributes, or offers for use to an employer an automated employment decision tool shall notify employers that use of such tool is subject to the requirements of this article. Such notice shall include:
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33 (a) information about the requirements of the employer under this article and the exemption from certain requirements or liability under this article according to the employer's size;
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36 (b) information about the penalties for non-compliance with this article and liability imposed on the employer by this article;
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38 (c) a copy of or directions on how to access any assessments of disparate impact or bias conducted by the vendor on the automated employment decision tool; and
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41 (d) information on or directions on how to access more information regarding the employer's responsibility and liability under this article.
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44 2. The notice required by this section shall be:

45 (a) written in clear and plain language;

46 (b) provided before an employer may begin use of the automated employment decision tool; and
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48 (c) otherwise presented in a manner that ensures the notice clearly and effectively communicates the required information to employers.
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50 § 1016. Enforcement. 1. The commissioner shall adopt rules and regulations implementing the provisions of this article. The commissioner shall be authorized to enforce the provisions of this article and to assess civil penalties as provided in sections two hundred fifteen and two hundred eighteen of this chapter. The civil penalties provided for in this section shall be in addition to and may be imposed concurrently with any other remedy or penalty provided for in this chapter.
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1 2. The attorney general may initiate in a court of competent jurisdic-
2 tion action that may be appropriate or necessary for correction of any
3 violation of this article, including mandating compliance with the
4 provisions of this article, securing injunctive, declaratory, or such
5 other relief as may be appropriate, ordering payment of civil penalties,
6 and recovering damages and liquidated damages.

7 § 2. The opening paragraph of subdivision 1 of section 218 of the
8 labor law, as amended by chapter 43 of the laws of 2023, is amended to
9 read as follows:

10 If the commissioner determines that an employer has violated a
11 provision of article six (payment of wages), article nineteen (minimum
12 wage act), article nineteen-A (minimum wage standards and protective
13 labor practices for farm workers), article twenty-one-A (warehouse work-
14 er protection act), article thirty-six (boundaries on technology act),
15 section two hundred twelve-a, section two hundred twelve-b, section one
16 hundred sixty-one (day of rest) or section one hundred sixty-two (meal
17 periods) of this chapter, or a rule or regulation promulgated there-
18 under, the commissioner shall issue to the employer an order directing
19 compliance therewith, which shall describe particularly the nature of
20 the alleged violation. A copy of such order shall be provided to any
21 employee who has filed a complaint and any authorized representative of
22 [~~him or her~~] such employee. In addition to directing payment of wages,
23 benefits or wage supplements found to be due, and liquidated damages in
24 the amount of one hundred percent of unpaid wages, such order, if issued
25 to an employer who previously has been found in violation of those
26 provisions, rules or regulations, or to an employer whose violation is
27 willful or egregious, shall direct payment to the commissioner of an
28 additional sum as a civil penalty in an amount not to exceed double the
29 total amount of wages, benefits, or wage supplements found to be due. In
30 no case shall the order direct payment of an amount less than the total
31 wages, benefits or wage supplements found by the commissioner to be due,
32 plus the liquidated damages in the amount of one hundred percent of
33 unpaid wages, the appropriate civil penalty, and interest at the rate of
34 interest then in effect, as prescribed by the superintendent of finan-
35 cial services pursuant to section fourteen-a of the banking law per
36 annum from the date of the underpayment to the date of the payment.
37 Where the violation is for a reason other than the employer's failure to
38 pay wages, benefits or wage supplements found to be due, the order shall
39 direct payment to the commissioner of a civil penalty in an amount not
40 to exceed one thousand dollars for a first violation, two thousand
41 dollars for a second violation or three thousand dollars for a third or
42 subsequent violation. In assessing the amount of the penalty, the
43 commissioner shall give due consideration to the size of the employer's
44 business, the good faith basis of the employer to believe that its
45 conduct was in compliance with the law, the gravity of the violation,
46 the history of previous violations and, in the case of wages, benefits
47 or supplements violations, the failure to comply with recordkeeping or
48 other non-wage requirements.

49 § 3. This act shall take effect on the one hundred eightieth day after
50 it shall have become a law. Effective immediately, the addition, amend-
51 ment and/or repeal of any rule or regulation necessary for the implemen-
52 tation of this act on its effective date are authorized to be made and
53 completed on or before such effective date.