

# STATE OF NEW YORK

4631--A

2025-2026 Regular Sessions

## IN ASSEMBLY

February 4, 2025

Introduced by M. of A. KELLES, EPSTEIN, SIMON, HEVESI, GONZALEZ-ROJAS, FORREST, WEPRIN, REYES, STECK, SEAWRIGHT, MITAYNES, GALLAGHER, RAGA, SIMONE, SHRESTHA, CUNNINGHAM, BORES, OTIS, LEVENBERG, R. CARROLL, STERN, ROSENTHAL, RAJKUMAR, KIM, ANDERSON, GLICK, LUNSFORD, BARRETT, MAMDANI, DINOWITZ, SANTABARBARA, JACOBSON, TAYLOR, CLARK, PAULIN, BICHOTTE HERMELYN, LAVINE, SLATER, EACHUS, DE LOS SANTOS, CONRAD, CRUZ, BENEDETTO, JACKSON, STIRPE, MEEKS, LUPARDO, McMAHON, LEE, BURDICK, COLTON, ALVAREZ, DAVILA, BENDETT, K. BROWN, BLUMENCRANZ, BEEPHAN, ROMERO, VALDEZ -- read once and referred to the Committee on Consumer Affairs and Protection -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to requiring fashion sellers to be accountable to environmental standards and establishing the interstate fashion environment accountability act; and to amend the state finance law, in relation to establishing a fashion remediation fund

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

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "fashion environmental accountability act".

3 § 2. The general business law is amended by adding a new section 399-  
4 mm to read as follows:

5 § 399-mm. Fashion environmental accountability act. 1. Definitions.  
6 As used in this section, the following terms shall have the following  
7 meanings:

8 (a) "Doing business in this state" shall mean actively engaging in any  
9 transaction for the purpose of financial or pecuniary gain or profit.

10 (b) "Gross receipts" shall mean the gross amounts realized, otherwise  
11 known as the sum of money and the fair market value of other property or  
12 services received, on the sale or exchange of property, the performance  
13 of services, or the use of property or capital, including rents, royal-

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

LBD01707-04-5

1 ties, interest, and dividends, in a transaction that produces business  
2 income, in which the income, gain, or loss is recognized, or would be  
3 recognized if the transaction were in the United States, under the  
4 Internal Revenue Code, as applicable for purposes of this section.  
5 Amounts realized on the sale or exchange of property shall not be  
6 reduced by the cost of goods sold or the basis of property sold. Gross  
7 receipts, even if business income, shall not include the following  
8 items:

9 (i) repayment, maturity, or redemption of the principal of a loan,  
10 bond, mutual fund, certificate of deposit, or similar marketable instru-  
11 ment;

12 (ii) the principal amount received under a repurchase agreement or  
13 other transaction properly characterized as a loan;

14 (iii) proceeds from issuance of the taxpayer's own stock or from sale  
15 of treasury stock;

16 (iv) damages and other amounts received as the result of litigation;

17 (v) property acquired by an agent on behalf of another;

18 (vi) tax refunds and other tax benefit recoveries;

19 (vii) pension reversions;

20 (viii) contributions to capital, except for sales of securities by  
21 securities dealers;

22 (ix) income from discharge of indebtedness;

23 (x) amounts realized from exchanges of inventory that are not recog-  
24 nized under the Internal Revenue Code;

25 (xi) amounts received from transactions in intangible assets held in  
26 connection with a treasury function of the taxpayer's unitary business  
27 and the gross receipts and overall net gains from the maturity, redemp-  
28 tion, sale, exchange, or other disposition of those intangible assets;  
29 and

30 (xii) amounts received from hedging transactions involving intangible  
31 assets. A "hedging transaction" means a transaction related to the  
32 taxpayer's trading function involving futures and options transactions  
33 for the purpose of hedging price risk of the products or commodities  
34 consumed, produced, or sold by the taxpayer.

35 (c) "Fashion seller" shall mean a business entity which sells articles  
36 of wearing apparel, footwear, or fashion bags that together exceed one  
37 hundred million dollars in annual gross receipts, but shall not include  
38 the sale of used wearing apparel, footwear, or fashion bags, nor shall  
39 it include multi-brand retailers, except where the apparel, footwear,  
40 and fashion bag private labels of those companies together exceed one  
41 hundred million dollars in global revenue.

42 (d) "Article of wearing apparel" shall mean any costume or article of  
43 clothing worn or intended to be worn by individuals.

44 (e) "Footwear" shall mean any covering worn or intended to be worn on  
45 the foot.

46 (f) "Fashion bag" shall mean flexible packaging made of textiles,  
47 leather or other animal products, woven material or other similar mate-  
48 rials intended for repeated use.

49 (g) "Due diligence" shall mean the comprehensive process companies  
50 shall carry out to identify, cease, prevent, mitigate, account for, and  
51 remediate actual and potential adverse impacts to the environment in  
52 their own operations and in their supply chain, in compliance with, at a  
53 minimum, the standards outlined in the most recent Organisation for  
54 Economic Co-operation and Development Guidelines for Multinational  
55 Enterprises, and the most recent Organisation for Economic Co-operation

1 and Development Due Diligence Guidance for Responsible Supply Chains in  
2 the Garment and Footwear Sector.

3 (h) "Due diligence report" shall mean the document prepared by the  
4 company to communicate all relevant information concerning the exist-  
5 ence, implementation and outcomes of due diligence in order to comply  
6 with the requirements of this section, and to comply with any rules or  
7 regulations established pursuant to this section.

8 (i) "Risk-based approach" shall mean commensurate to the likelihood  
9 and severity of the harm. The fashion seller shall prioritize the order  
10 in which it takes action based on the likelihood and severity of harm.  
11 Severity of impacts shall be determined according to their scale or  
12 gravity, scope, and irremediable character.

13 (j) "Supply chain tiers" shall mean a four tier system defined as the  
14 following:

15 (i) "Tier one" shall mean suppliers who produce finished goods for  
16 fashion sellers, including suppliers' subcontractors, who provide the  
17 following services, including but not limited to sewing and embroider-  
18 ing;

19 (ii) "Tier two" shall mean suppliers to tier one, including subcon-  
20 tractors, who provide the following services or goods, including but not  
21 limited to knitting, weaving, washing, dyeing, finishing, printing for  
22 finished goods, and components and materials for finished goods when  
23 they are stand-alone operations and not integrated with tier one. Compo-  
24 nents shall mean materials used to build a product, including but not  
25 limited to buttons, zippers, rubber soles, down, and fusibles;

26 (iii) "Tier three" shall mean suppliers to tier two suppliers, includ-  
27 ing subcontractors, who process raw materials, such as spinning; and

28 (iv) "Tier four" shall mean companies, including subcontractors, that  
29 provide raw materials to tier three.

30 (k) "Independently verified" shall mean audited by a verification body  
31 accredited by the department of state as described in subdivision five  
32 of this section.

33 (l) "Open data principles" shall mean data that can be freely used,  
34 reused and redistributed by anyone. Such data shall be findable or easi-  
35 ly discoverable on a website or within a database, accessible or avail-  
36 able in a machine readable, convenient, modifiable form and published as  
37 a whole, complete dataset, interoperable or able to be mixed with  
38 different datasets, and reusable or provided under an open license that  
39 permits reuse and redistribution, including the intermixing with other  
40 datasets.

41 (m) "Employee" shall mean all workers, whether full-time or part-time,  
42 permanent or fixed-term, directly contracted or hired indirectly through  
43 an agency or other intermediary.

44 2. Due diligence. (a) Every fashion seller shall effectively carry out  
45 environmental due diligence for the portions of their business related  
46 to wearing apparel, footwear or fashion bags, including wearing apparel,  
47 footwear or fashion bags produced as a private label, which shall  
48 include:

49 (i) supply chain mapping:

50 (1) companies taking a risk-based approach and implementing good faith  
51 efforts to map suppliers across tier one through tier four of  
52 production.

53 (2) disclosure of suppliers of the production supply chain including:  
54 the name, parent company and product type, filed by the following:

1 (A) Tier one suppliers shall be disclosed within twelve months of the  
2 effective date of this section, and shall contain a minimum of eighty-  
3 five percent of suppliers by volume.

4 (B) Tier two suppliers shall be disclosed within two years of the  
5 effective date of this section, and shall contain a minimum of seventy-  
6 five percent of suppliers by volume.

7 (C) Tier three suppliers shall be disclosed within four years of the  
8 effective date of this section and shall contain a minimum of fifty  
9 percent of suppliers by volume or dollar value.

10 (D) Tier four suppliers shall be disclosed within six years of the  
11 effective date of this section and shall contain a minimum of fifty  
12 percent of suppliers by volume or dollar value.

13 (ii) in carrying out effective due diligence, fashion sellers shall be  
14 in compliance with the Organisation for Economic Co-operation and Devel-  
15 opment Guidelines for Multinational Enterprises and the Organisation for  
16 Economic Co-operation and Development Due Diligence Guidance for Respon-  
17 sible Supply Chains in the Garment and Footwear Sector, requiring fash-  
18 ion sellers to, at a minimum:

19 (1) embed responsible business conduct into the company's policies and  
20 management systems;

21 (2) identify areas of significant risks in the contexts of its own  
22 activities and business and supply chain relationships;

23 (3) identify, prioritize, and assess the significant potential and  
24 actual adverse impacts of those risks;

25 (4) cease, prevent or mitigate those risks. This shall include, but  
26 not be limited to:

27 (A) incentivizing improved supplier performance on environmental  
28 impact by embedding responsible purchasing practices in its supply chain  
29 relationships and contracts, including but not limited to contract  
30 renewals, longer term contracts, price premiums, providing reasonable  
31 assistance to suppliers so that they can meet applicable environmental  
32 standards including but not limited to meeting the carbon emission  
33 reduction targets set out in this act, and developing pricing models  
34 that account for the cost investments.

35 (B) establishing quantitative baseline and reduction targets on green-  
36 house gas emissions. Greenhouse gas emissions inventory shall be  
37 reported annually, starting in two thousand twenty-seven for emissions  
38 in the prior fiscal year; include absolute figures; and conform with the  
39 rules and regulations made by the department of state in consultation  
40 with the department of environmental conservation based on the account-  
41 ing and reporting requirements of the most recent Greenhouse Gas Proto-  
42 col Corporate Accounting and Reporting Standard, Scope Two Guidance,  
43 and, starting in two thousand twenty-eight, the most recent Corporate  
44 Value Chain Scope Three accounting and reporting standard promulgated by  
45 the World Resources Institute and the World Business Council for  
46 Sustainable Development. Greenhouse gas emissions inventory reported in  
47 the due diligence report required pursuant to subdivision three of this  
48 section shall be independently verified no less than once every two  
49 years. Fashion sellers shall not be subject to an administrative penalty  
50 under this section for any misstatements with regard to scope three  
51 emissions disclosures made with a reasonable basis and disclosed in good  
52 faith. Greenhouse gas emission reduction targets must be near-term and  
53 long-term, covering scopes one, two and three emissions, and align with  
54 the rules and regulations made by the department of state in consulta-  
55 tion with the department of environmental conservation based on, at a  
56 minimum, Science Based Target initiative's most recent target validation

1 criteria as promulgated by World Resources Institute, CDP, United  
2 Nations Global Compact and the World Wildlife Fund. Compliance with the  
3 rules and regulations made by the department of state shall not waive  
4 compliance requirements related to greenhouse gas emissions in any other  
5 provision of law. For fashion sellers with global revenue over one  
6 billion dollars, the absolute contraction approach must be used to  
7 calculate scope three emissions. Fashion sellers shall meet targets and  
8 report their compliance on an annual basis in their due diligence  
9 report, as required pursuant to subdivision three of this section. If  
10 found to be out of compliance, fashion sellers shall have eighteen  
11 months to remedy their emissions and return to the necessary reduction  
12 pathway to deliver on their targets. In non-target years, non-compliance  
13 shall mean an increase in absolute emissions in five consecutive years,  
14 for companies over a billion dollars in revenue. In target years, non-  
15 compliance shall mean not reaching the target;

16 (C) in accordance with internationally recognized methodologies for  
17 chemical management and wastewater testing, requiring fashion sellers  
18 within two years of the effective date of this section, for all signif-  
19 icant tier two dyeing, finishing, printing and garment washing suppli-  
20 ers, to: sample and report on wastewater chemical concentrations and  
21 water usage; report on chemical inventory; and provide evidence that the  
22 supplier is in compliance with local chemical management laws. For  
23 significant suppliers that use indirect wastewater management, fashion  
24 sellers shall report the chemical concentrations of the wastewater  
25 treatment facilities report on the percentage of significant suppliers  
26 that have chemical remediation plans in place and what the fashion sell-  
27 er is doing to remediate. Reports required pursuant to this item shall  
28 be independently verified. Three years after the effective date of this  
29 section, fashion sellers shall be considered out of compliance if their  
30 significant tier two dyeing, finishing, printing and garment suppliers  
31 have not made adequate progress in remediation of wastewater pollution  
32 concentrations and chemical management. For the purposes of this item,  
33 "significant suppliers" shall mean suppliers representing seventy-five  
34 percent of fabric by volume;

35 (D) utilizing responsible exit or disengagement strategies;

36 (E) consulting and engaging with impacted and potentially impacted  
37 stakeholders and rights holders and their representatives;

38 (5) track implementation and results;

39 (6) provide for or co-operate in remediation in the event of an  
40 adverse impact:

41 (A) remedies shall seek to restore the affected locations, places or  
42 person or persons, where practicable, to the situation they would have  
43 been in had the adverse impact not occurred and shall enable remediation  
44 that is proportionate to the significance and scale of the adverse  
45 impact; and

46 (B) remedies shall include, depending on the nature and extent of the  
47 adverse impact, remediation, restitution or financial or non-financial  
48 compensation, including establishing compensation funds for victims or  
49 for future outreach and educational programs, punitive sanctions includ-  
50 ing the dismissals of staff responsible for wrongdoing, and establishing  
51 and undertaking measures to prevent future adverse impacts, which may  
52 include, but are not limited to the development of internal protocols,  
53 practices and procedures to prevent future adverse impacts.

54 (b) The due diligence requirements pursuant to this subdivision shall  
55 not be conditional upon the company being effectively involved in the

1 subsidiary's day-to-day operations or exercising a sufficient degree of  
2 control on companies within its supply chain.

3 3. Reporting. Every fashion seller shall develop and submit to the  
4 department of state annually, beginning within eighteen months of the  
5 effective date of this section, a due diligence report.

6 (a) Such report, excluding the information required in clause two of  
7 subparagraph (i) of paragraph (a) of subdivision two of this section,  
8 shall also be made publicly available on the fashion seller's website in  
9 a machine readable and reusable format, published in line with open data  
10 principles through a clear and easily discoverable link to the required  
11 information. In the event the fashion seller does not have an internet  
12 website, the company shall provide a written disclosure to any person  
13 who has requested information within thirty days of receiving a request.  
14 Such report shall also include the fashion seller's annual volume of  
15 material produced, including breakdown by material type.

16 (b) Such report shall contain annual activities and financial spending  
17 to support supply chain due diligence.

18 (c) The department of state shall identify and notify fashion sellers  
19 that have failed to file a due diligence report that they have thirty  
20 days to file such report before being placed on a public non-compliant  
21 list and that they may be referred to the attorney general for investi-  
22 gation.

23 (d) The department of state shall review the due diligence reports for  
24 completeness.

25 (e) Fashion sellers shall have twelve months from the introduction of  
26 any updated guidance documents to integrate such guidance into the next  
27 annual due diligence report.

28 (f) The department of state shall establish a standardized due dili-  
29 gence report format model and publish such model due diligence report  
30 online for use by fashion sellers in compliance with this section.

31 4. Regulations. (a) The department of state shall, in consultation  
32 with the department of environmental conservation, promulgate all rules  
33 and regulations necessary to implement the provisions of this section  
34 within six months from the effective date of this section.

35 (b) The department of state, in consultation with the department of  
36 environmental conservation, shall also develop and disseminate educa-  
37 tional materials to fashion sellers, including providing alerts on time  
38 sensitive issues, emerging issues, and high-risk country situations, and  
39 assisting fashion sellers in improving the quality of their due dili-  
40 gence processes.

41 (c) The department of state shall develop regulations regarding the  
42 information required to be reported by fashion sellers in the due dili-  
43 gence report in item (C) of clause four of subparagraph (ii) of para-  
44 graph (a) of subdivision two of this section. Such regulations shall be  
45 developed in consultation with the department of environmental conserva-  
46 tion.

47 (d) The department of state shall develop regulations on reporting  
48 requirements that minimize duplication of effort and allows a fashion  
49 seller to submit a due diligence report to the department of state that  
50 is prepared to meet other national and international reporting require-  
51 ments, including any reports required by the federal government, as long  
52 as such reports satisfy all of the requirements of subdivision two of  
53 this section.

54 5. Verification. (a) The department of state shall, in consultation  
55 with the department of environmental conservation, develop a process for  
56 accrediting verification bodies authorized to provide verification

1 services for the purposes of this section, including which requirements  
2 the entity is authorized to verify.

3 (b) Such process shall at a minimum consider:

4 (i) the demonstrated qualifications of verification staff, including  
5 their education, experience, and professional licenses. Verification  
6 bodies must employ and retain at least five total full-time staff with  
7 expertise in the requirements they seek to verify under this section;

8 (ii) any judicial proceedings, enforcement actions, or administrative  
9 actions filed against the body within the previous five years; and

10 (iii) the policies and mechanisms in place to prevent conflicts of  
11 interest and to identify and resolve potential conflict of interest  
12 situations if they arise. The department shall require applicants to  
13 submit the following information, at a minimum:

14 (1) identification of services provided by the verification body, the  
15 industries that the body serves, and the locations where those services  
16 are provided;

17 (2) a detailed organizational chart that includes the verification  
18 body, its management structure, and any related entities; and

19 (3) the verification body's internal conflict of interest policy that  
20 identifies activities and limits to monetary or non-monetary gifts that  
21 apply to all employees and procedures to monitor conflicts of interest.

22 (c) Verification bodies shall not be authorized to provide services to  
23 a company where a conflict of interest exists. A conflict of interest  
24 shall include:

25 (i) where the verification body and reporting entity share any manage-  
26 ment staff or board of directors membership, or any of the senior  
27 management staff of the reporting entity have been employed by the  
28 verification body, or vice versa, within the previous five years;

29 (ii) any employee of the verification body, or any employee of a  
30 related entity, or a subcontractor who is a member of the verification  
31 team has provided the reporting entity with services related to the  
32 areas of verification, or any services designated by the department of  
33 state, within the previous five years;

34 (iii) any staff member of the verification body provides any type of  
35 non-monetary incentive to a reporting entity to secure a verification  
36 services contract; and

37 (iv) any additional criteria provided by the department of state.

38 (d) Verification bodies that have been accredited by the department of  
39 state shall notify the department within thirty days if they no longer  
40 meet the verification requirements set forth by this section.

41 6. Monitoring and enforcement. (a) The requirements imposed on fashion  
42 sellers by this section shall be monitored, investigated, and enforced  
43 by the attorney general or an administrator designated by the attorney  
44 general to bring civil proceedings for an injunction, or fines for mone-  
45 tary damages as described in this section, or civil performance of a  
46 statutory duty. Fashion sellers shall be deemed non-compliant with this  
47 section if they fail to conduct effective due diligence pursuant to  
48 subdivision two of this section or fail to file a due diligence report  
49 pursuant to subdivision three of this section.

50 (b) The department of state shall identify and notify fashion sellers  
51 that have failed to file a complete due diligence report in accordance  
52 with the rules and regulations promulgated by the department of state in  
53 consultation with the department of environmental conservation. If such  
54 fashion sellers fail to file a complete report, after a period of three  
55 months, the department of state shall refer fashion sellers to the  
56 attorney general for enforcement for failure to file a complete report.

1 (c) The department of environmental conservation shall review and  
2 certify effective due diligence for environmental matters in the due  
3 diligence report and identify fashion sellers for referral to the attor-  
4 ney general for any failures.

5 (d) The department of state shall compile and maintain a list of non-  
6 compliant fashion sellers on the department's website. The department of  
7 state shall refer to the attorney general for investigation any fashion  
8 seller who fails to file a due diligence report or fails to conduct  
9 effective due diligence, once any grace period lapses and the fashion  
10 seller remains in non-compliance.

11 (e) Fashion sellers found to have failed to conduct effective due  
12 diligence pursuant to subdivision two of this section or failed to file  
13 a complete due diligence report pursuant to subdivision three of this  
14 section, after the attorney general, or the attorney general's desig-  
15 nated administrator, as applicable, has provided notice of non-compli-  
16 ance, and after a three-month period to meet obligations under this  
17 section has lapsed, may be assessed a civil penalty not to exceed  
18 fifteen thousand dollars per violation per day. Such fines shall be  
19 deposited in the community benefit fund established by section ninety-  
20 seven-ccc of the state finance law.

21 (f) The attorney general, or the attorney general's designated admin-  
22 istrator shall use a risk-based approach in enforcement and shall  
23 publish enforcement guidelines.

24 (g) Any person may report a violation of this section to the attorney  
25 general's office.

26 § 3. The state finance law is amended by adding a new section 97-ccc  
27 to read as follows:

28 § 97-ccc. Fashion remediation fund. 1. There is hereby established in  
29 the joint custody of the comptroller, the commissioner of taxation and  
30 finance, and the commissioner of environmental conservation a special  
31 fund to be known as the fashion remediation fund.

32 2. Such fund shall consist of all moneys deposited pursuant to para-  
33 graph (e) of subdivision six of section three hundred ninety-nine-ccc of  
34 the general business law.

35 3. The moneys in the fund shall be expended by the comptroller for the  
36 purpose of implementing one or more environmental benefit projects or  
37 environmental remediation projects that directly and verifiably benefit  
38 the workers and communities directly impacted, to the extent practica-  
39 ble, at the location the injury has occurred.

40 4. On or before the first day of February each year, the comptroller  
41 shall certify to the temporary president of the senate, and the speaker  
42 of the assembly, the amount of money deposited by source in the fund  
43 during the preceding calendar year, as well as all disbursements from  
44 the fund during the preceding calendar year.

45 5. Moneys shall be payable from the fund on the audit and warrant of  
46 the comptroller on vouchers certified and approved by the commissioner  
47 of environmental conservation as applicable.

48 § 4. The attorney general shall certify to the governor that the  
49 office of the attorney general is prepared to execute the duties  
50 assigned in subdivision 6 of section 399-ccc of the general business law  
51 within one year following the effective date of this act. If, after the  
52 expiration of one year, the attorney general requires more time to  
53 certify that the office of the attorney general is prepared to execute  
54 such duties, the attorney general may, for good cause shown, apply to  
55 the governor for an extension of time. The governor may grant or deny an  
56 extension of up to one year according to their discretion.

1 § 5. Severability. If any word, phrase, clause, sentence, paragraph,  
2 section, or part of this act shall be adjudged by any court of competent  
3 jurisdiction to be invalid, such judgment shall not affect, impair, or  
4 invalidate the remainder thereof, but shall be confined in its operation  
5 to the word, phrase, clause, sentence, paragraph, section, or part ther-  
6 eof directly involved in the controversy in which such judgment shall  
7 have been rendered.

8 § 6. The department of state, in consultation with the department of  
9 environmental conservation, shall promulgate rules and regulations  
10 necessary for the implementation of this act within one hundred eighty  
11 days of the effective date of this act.

12 § 7. This act shall take effect immediately; provided, however, that  
13 sections one through three of this act shall take effect one year after  
14 they shall have become a law; provided further, however, that subdivi-  
15 sion 6 of section 399-mm of the general business law as added by section  
16 two of this act shall take effect one year after the attorney general  
17 certifies that the office of the attorney general is prepared to execute  
18 the duties assigned in such subdivision. The attorney general shall  
19 notify the legislative bill drafting commission upon the occurrence of  
20 such certification in order that the commission may maintain an accurate  
21 and timely effective data base of the official text of the laws of the  
22 state of New York in furtherance of effectuating the provisions of  
23 section 44 of the legislative law and section 70-b of the public offi-  
24 cers law.