

STATE OF NEW YORK

93--A

2025-2026 Regular Sessions

IN ASSEMBLY

(Prefiled)

January 8, 2025

Introduced by M. of A. DINOWITZ, SEAWRIGHT, WILLIAMS, REYES -- Multi-Sponsored by -- M. of A. SIMON -- read once and referred to the Committee on Consumer Affairs and Protection -- recommitted to the Committee on Consumer Affairs and Protection in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general business law, in relation to prohibited mandatory arbitration agreements; and to repeal section 399-c of such law relating to prohibiting mandatory arbitration clauses in certain consumer contracts

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

1 Section 1. Section 399-c of the general business law is REPEALED and a
2 new section 399-c is added to read as follows:

3 § 399-c. Prohibited mandatory arbitration agreements. 1. Definitions.

4 (a) The term "consumer dispute" shall mean a dispute between an individ-
5 ual who seeks or acquires real or personal property, services (including
6 services relating to securities and other investments), money, or credit
7 for personal, family or household purposes and the seller or provider of
8 such property, services, money or credit, but shall not include any such
9 property or service, including financial products and services where the
10 terms of acquisition of such product or service are mutually negotiated
11 between the seller and the purchaser of such property or service.

12 (b) The term "employment dispute" shall mean a dispute between an
13 employer and employee arising out of the relationship of employer and
14 employee as defined in section 3 of the Fair Labor Standards Act of 1938
15 (29 U.S.C. 203) but who is neither an officer nor employed pursuant to
16 an individualized, mutually-negotiated employment contract.

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

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1 (c) The term "mandatory arbitration agreement" shall mean any agree-
2 ment to arbitrate a dispute that had not yet arisen at the time of the
3 making of the agreement.

4 2. Prohibited mandatory consumer and employment arbitration agree-
5 ments. Notwithstanding any other provision of this article, and except
6 where inconsistent with federal law no mandatory arbitration agreement
7 shall be valid or enforceable if it requires arbitration of an employ-
8 ment dispute or consumer dispute.

9 3. Prohibition of effect of certain mandatory arbitration clauses or
10 agreements. Mandatory arbitration clauses or agreements covering
11 consumers and employee disputes are contrary to the established public
12 policy of this state. Because employees and consumers are required to
13 assent to these agreements as a condition of being an employee or
14 consumer before any dispute has arisen with the employer or merchant,
15 these agreements do not offer employees and consumers a meaningful
16 choice about how to resolve their disputes with the employer or
17 merchant. In addition, mandatory arbitration agreements prevent employ-
18 ees and consumers from effectively vindicating their rights under state
19 law. For these reasons, except when inconsistent with federal law, the
20 state prohibits the formation and enforcement of mandatory arbitration
21 agreements in employment and consumer contracts.

22 4. Prohibition of mandatory arbitration clauses in insurance agree-
23 ments. A mandatory arbitration agreement within or part of any written
24 contract for insurance with a consumer or other written agreement
25 involving the offering of insurance to a consumer is invalid, unenforce-
26 able and void. Any such arbitration agreement shall be considered sever-
27 able, and all other provisions of the contract for insurance shall
28 remain in effect and given full force.

29 5. Prohibition of mandatory arbitration clauses in employment
30 contracts for workers exempted from the Federal Arbitration Act. (a) A
31 mandatory arbitration agreement within or part of any written contract
32 of employment of mariners, railroad employees or any other class of
33 workers engaged in foreign or interstate commerce is unenforceable and
34 void. Any such arbitration agreement shall be considered severable, and
35 all other provisions of the employment contract shall remain in effect
36 and given full force.

37 (b) The provisions of this section shall not apply to agreements nego-
38 tiated with any labor union through collective bargaining.

39 6. Prohibition of mandatory arbitration clauses that are not governed
40 by federal law. Any mandatory arbitration agreement, or portion there-
41 of, in an employment or consumer contract is invalid, unenforceable and
42 void, when the enforceability of such arbitration agreement, or the
43 portion at issue, is governed by state law. Any such arbitration agree-
44 ment shall be considered severable, and all other provisions of the
45 employment contract shall remain in effect and given full force.

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