STATE OF NEW YORK

10749

IN SENATE

November 23, 2026

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the general business law, in relation to establishing standards for automated customer service systems and requiring access to human customer service representatives

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

Section 1. Short title. This act shall be known and may be cited as the "New York automated customer service accountability act".

§ 2. The general business law is amended by adding a new article 49 to read as follows:

ARTICLE 49
AUTOMATED CUSTOMER SERVICE SYSTEMS

Section 1900. Definitions.
1901. Universal consumer protection.
1902. Tiered human escalation and recordkeeping requirements.
1903. Enforcement and tiered civil penalties.
1904. Construction and local authority.
1905. Rules and regulations.
1906. Severability.

§ 1900. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Automated customer service system" means any artificial intelligence system, chatbot, interactive voice response (IVR) system, or automated software interface deployed by a covered business to communicate with consumers regarding customer inquiries, billing, refunds, cancellations, technical support, or account management.

2. "Covered business" means any sole proprietorship, partnership, limited liability company, corporation, association, or other legal entity that conducts business in the state of New York and utilizes an automated customer service system to interact with New York consumers, categorized as follows:

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

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(a) "Small business" means a covered business with annual gross revenue of less than ten million dollars and fewer than one hundred full-time equivalent employees, consistent with section one hundred thirty-one of the economic development law.

(b) "Mid-sized business" means a covered business that is not a small business and has annual gross revenue of at least ten million dollars but not more than two hundred fifty million dollars, and five hundred or fewer full-time equivalent employees.

(c) "Large enterprise" means a covered business with annual gross revenue exceeding two hundred fifty million dollars or employing more than five hundred full-time equivalent employees.

§ 1901. Universal consumer protection. Every covered business, regardless of tier, shall comply with the following requirements:

1. Mandatory upfront notification. At the initiation of any interaction with an automated customer service system, and in the primary language used by the consumer during the interaction, the system shall provide a clear and conspicuous notification, either verbally or in writing, that the consumer is not communicating with a human.

2. Prohibition on deceptive routing. No covered business shall design, configure, or operate an automated customer service system to intentionally obscure, delay, or obstruct a consumer's request to reach a human representative.

3. Strict liability for automated representations. A covered business shall be legally bound by any material representation, pricing quote, refund authorization, cancellation confirmation, or policy statement made by its automated customer service system to a consumer. It shall not be a defense to liability under this section that an automated customer service system generated inaccurate information, experienced a technical hallucination, or was developed or operated by a third-party vendor.

§ 1902. Tiered human escalation and recordkeeping requirements. 1. Small businesses. A small business shall provide a single-step off-ramp that routes the consumer directly to a human representative, a monitored human inbox, or a callback queue, and shall ensure a substantive response from a human representative within two business days. Small businesses shall be exempt from automated audit-log retention requirements under this section.

2. Mid-sized businesses. A mid-sized business shall:

(a) provide a single-step off-ramp that transfers the consumer to a live human representative or schedules a guaranteed callback from a human representative within one business day; and

(b) maintain basic, retrievable records of all consumer requests for a human representative and the resulting response times for a period of twelve months.

3. Large enterprises. A large enterprise shall:

(a) provide a single-step off-ramp that connects the consumer to a live human representative within fifteen minutes during posted business hours, or, if the consumer elects, provides an automated callback from a human representative within four business hours without loss of queue priority;

(b) disclose estimated live hold times immediately upon a consumer's election to wait for a human representative; and

(c) maintain machine-readable compliance logs recording interaction timestamps, single-step off-ramp triggers, hold durations, and repeat consumer contacts within a seventy-two hour window for a period of

twelve months, subject to inspection by the attorney general or the department of state.

§ 1903. Enforcement and tiered civil penalties. 1. The attorney general, or any municipal consumer protection agency expressly authorized by local law, may bring an action or administrative proceeding to enforce the provisions of this article.

2. Civil penalties shall be assessed according to the tier of the covered business as follows:

(a) Small businesses. For a first-time technical, configuration, or unintentional violation of section nineteen hundred one or nineteen hundred two of this article, the enforcing authority shall issue a written notice of violation specifying the defect and granting the small business a thirty-day cure period. No civil penalty shall be imposed if the small business cures the violation and submits written verification within such thirty-day period. For any uncured violation or subsequent violation occurring within twenty-four months, a small business shall be liable for a civil penalty of not less than five hundred dollars and not more than one thousand five hundred dollars per violation.

(b) Mid-sized businesses. No cure period shall apply. A mid-sized business shall be liable for a civil penalty of five hundred twenty-five dollars for a first violation, and up to three thousand five hundred dollars for each subsequent violation.

(c) Large enterprises. No cure period shall apply. A large enterprise shall be liable for a civil penalty of up to five thousand dollars for a first violation, and up to ten thousand dollars for each subsequent violation.

§ 1904. Construction and local authority. Nothing in this article shall be construed to limit or preempt any municipal law, rule, or regulation, including rules promulgated by the New York city department of consumer and worker protection, that imposes stricter consumer protections or higher standards of accountability on automated customer service systems.

§ 1905. Rules and regulations. 1. The attorney general is hereby authorized and empowered to promulgate such rules, regulations, and guidance as may be necessary to implement, interpret, and enforce the provisions of this article.

2. Such rules and regulations may include, but shall not be limited to:

(a) establishing technical specifications and standardized formats for the machine-readable compliance logs required of large enterprises under subdivision three of section nineteen hundred two of this article;

(b) defining acceptable standards for clear and conspicuous upfront notifications across emerging text, voice, and multimodal interfaces;

(c) updating the list of recognized single-step off-ramp commands or interface mechanisms to ensure accessibility for consumers with disabilities and non-English speakers;

(d) establishing procedures for the issuance of written notices of violation and the verification of cure submissions for small businesses under paragraph (a) of subdivision two of section nineteen hundred three of this article; and

(e) adjusting the annual gross revenue thresholds set forth in subdivision two of section nineteen hundred of this article every five years to reflect changes in the consumer price index as published by the United States department of labor.

§ 1906. Severability. If any clause, sentence, paragraph, subdivision, section, or part of this article shall be adjudged by any court of

competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

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