

# STATE OF NEW YORK

3879

2025-2026 Regular Sessions

## IN SENATE

January 30, 2025

Introduced by Sen. HOYLMAN-SIGAL -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the civil practice law and rules, in relation to arbitration

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

1 Section 1. Subdivision (a) of section 7502 of the civil practice law  
2 and rules is amended by adding a new paragraph (v) to read as follows:

3 (v) If there are multiple parties seeking arbitration against the same  
4 party or parties, the proceeding may be brought in any court and county  
5 where any of the parties seeking arbitration resides or is doing busi-  
6 ness or where the arbitration was held or is pending.

7 § 2. Subdivision (c) of section 7503 of the civil practice law and  
8 rules, as amended by chapter 1028 of the laws of 1973, is amended to  
9 read as follows:

10 (c) Notice of intention to arbitrate. A party may serve upon another  
11 party a demand for arbitration or a notice of intention to arbitrate,  
12 specifying the agreement pursuant to which arbitration is sought and the  
13 name and address of the party serving the notice, or of an officer or  
14 agent thereof if such party is an association or corporation, and stat-  
15 ing that unless the party served applies to stay the arbitration within  
16 twenty days after such service [~~he~~] such party shall thereafter be  
17 precluded from objecting that a valid agreement was not made or has not  
18 been complied with and from asserting in court the bar of a limitation  
19 of time. Such notice or demand shall be served in the same manner as a  
20 summons or by registered or certified mail, return receipt requested. An  
21 application to stay arbitration must be made by the party served within  
22 twenty days after service upon [~~him~~] such party of the notice or demand,  
23 or [~~he~~] such party shall be so precluded. Notice of such application  
24 shall be served in the same manner as a summons or by registered or  
25 certified mail, return receipt requested. Service of the application

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

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1 may be made upon the adverse party, or upon [~~his~~] such party's attorney  
2 if the attorney's name appears on the demand for arbitration or the  
3 notice of intention to arbitrate. Service of the application by mail  
4 shall be timely if such application is posted within the prescribed  
5 period. Any provision in an arbitration agreement or arbitration rules  
6 which waives the right to apply for a stay of arbitration or prescribes  
7 a manner of notifying a party of an intention to commence arbitration  
8 that is more burdensome than that described in this section is hereby  
9 declared null and void.

10 § 3. Subdivision (d) of section 7506 of the civil practice law and  
11 rules is amended to read as follows:

12 (d) Representation by attorney. A party has the right to be repres-  
13 ented by an attorney and may claim such right at any time as to any part  
14 of the arbitration or hearings which have not taken place. This right  
15 may not be waived. If a party is represented by an attorney, papers to  
16 be served on the party shall be served upon [~~his~~] such party's attorney.  
17 Any agreement which discriminates against or penalizes a party for  
18 retaining the services of counsel in an arbitration is null and void.

19 § 4. The civil practice law and rules is amended by adding three new  
20 sections 7513-a, 7513-b and 7517 to read as follows:

21 § 7513-a. Fees and expenses of arbitration initiation. (a) (i) In an  
22 employment or consumer arbitration, except an arbitration agreement  
23 included in the terms of a collective bargaining agreement, that  
24 requires, either expressly or through application of state or federal  
25 law or the rules of the arbitration provider, that the drafting party  
26 shall pay certain fees and costs before the arbitration can proceed, if  
27 the fees or costs to initiate an arbitration proceeding are not paid  
28 within thirty days after the due date, the drafting party is in material  
29 breach of the arbitration agreement, is in default of the arbitration,  
30 and waives its right to compel arbitration.

31 (ii) After an employee or consumer meets the filing requirements  
32 necessary to initiate an arbitration, the arbitration provider shall  
33 immediately provide an invoice for any fees and costs required before  
34 the arbitration can proceed to all of the parties to the arbitration.  
35 The invoice shall be provided in its entirety, shall state the full  
36 amount owed and the date that payment is due, and shall be sent to all  
37 parties by the same means on the same day. To avoid delay, absent an  
38 express provision in the arbitration agreement stating the number of  
39 days in which the parties to the arbitration must pay any required fees  
40 or costs, the arbitration provider shall issue all invoices to the  
41 parties as due upon receipt.

42 (b) If the drafting party materially breaches the arbitration agree-  
43 ment and is in default under subdivision (a) of this section, the  
44 employee or consumer may do either of the following:

45 (i) withdraw the claim from arbitration and proceed in a court of  
46 appropriate jurisdiction; or

47 (ii) compel arbitration in which the drafting party shall pay reason-  
48 able attorneys' fees and costs related to the arbitration.

49 (c) If the employee or consumer withdraws the claim from arbitration  
50 and proceeds with an action in a court of competent jurisdiction under  
51 paragraph (i) of subdivision (b) of this section, the statute of limita-  
52 tions with regard to all claims brought or that relate back to any claim  
53 brought in arbitration shall be tolled as of the date of the first  
54 filing of a claim in a court, arbitration forum, or other dispute resol-  
55 ution forum.

1 (d) If the employee or consumer proceeds with an action in a court of  
2 competent jurisdiction, the court shall impose sanctions on the drafting  
3 party in accordance with this chapter.

4 § 7513-b. Fees and expenses of arbitration continuance. (a) (i) In an  
5 employment or consumer arbitration, except an arbitration agreement  
6 included in the terms of a collective bargaining agreement, that  
7 requires, either expressly or through application of state or federal  
8 law or the rules of the arbitration provider, that the drafting party  
9 shall pay certain fees and costs during the pendency of an arbitration  
10 proceeding, if the fees or costs required to continue the arbitration  
11 proceeding are not paid within thirty days after the due date, the  
12 drafting party is in material breach of the arbitration agreement, is in  
13 default of the arbitration, and waives its right to compel the employee  
14 or consumer to proceed with that arbitration as a result of the material  
15 breach.

16 (ii) The arbitration provider shall provide an invoice for any fees  
17 and costs required for the arbitration proceeding to continue to all of  
18 the parties to the arbitration. The invoice shall be provided in its  
19 entirety, shall state the full amount owed and the date that payment is  
20 due, and shall be sent to all parties by the same means on the same day.  
21 To avoid delay, absent an express provision in the arbitration agreement  
22 stating the number of days in which the parties to the arbitration must  
23 pay any required fees or costs, the arbitration provider shall issue all  
24 invoices to the parties as due upon receipt. Any extension of time for  
25 the due date shall be agreed upon by all parties.

26 (b) If the drafting party materially breaches the arbitration agree-  
27 ment and is in default under subdivision (a) of this section, the  
28 employee or consumer may unilaterally elect to do any of the following:

29 (i) withdraw the claim from arbitration and proceed in a court of  
30 appropriate jurisdiction. If the employee or consumer withdraws the  
31 claim from arbitration and proceeds with an action in a court of appro-  
32 priate jurisdiction, the statute of limitations with regard to all  
33 claims brought or that relate back to any claim brought in arbitration  
34 shall be tolled as of the date of the first filing of a claim in any  
35 court, arbitration forum, or other dispute resolution forum;

36 (ii) continue the arbitration proceeding, if the arbitration provider  
37 agrees to continue administering the proceeding, notwithstanding the  
38 drafting party's failure to pay fees or costs. The neutral arbitrator or  
39 arbitration provider may institute a collection action at the conclusion  
40 of the arbitration proceeding against the drafting party that is in  
41 default of the arbitration for payment of all fees associated with the  
42 employment or consumer arbitration proceeding, including the cost of  
43 administering any proceedings after the default;

44 (iii) petition the court for an order compelling the drafting party to  
45 pay all arbitration fees that the drafting party is obligated to pay  
46 under the arbitration agreement or the rules of the arbitration provid-  
47 er; or

48 (iv) pay the drafting party's fees and proceed with the arbitration  
49 proceeding. As part of the award, the employee or consumer shall recover  
50 all arbitration fees paid on behalf of the drafting party without regard  
51 to any findings on the merits in the underlying arbitration.

52 (c) If the employee or consumer withdraws the claim from arbitration  
53 and proceeds in a court of competent jurisdiction pursuant to paragraph  
54 (i) of subdivision (b) of this section, both of the following shall  
55 apply:

1 (i) the employee or consumer may bring a motion, or a separate action,  
2 to recover all attorneys' fees and all costs associated with the aban-  
3 doned arbitration proceeding. The recovery of arbitration fees, inter-  
4 est, and related attorneys' fees shall be without regard to any findings  
5 on the merits in the underlying action or arbitration; and

6 (ii) the court shall impose sanctions on the drafting party in accord-  
7 ance with this chapter.

8 (d) If the employee or consumer continues in arbitration pursuant to  
9 paragraph (ii), (iii) or (iv) of subdivision (b) of this section, the  
10 arbitrator shall impose appropriate sanctions on the drafting party,  
11 including monetary sanctions, issue sanctions, evidence sanctions, or  
12 terminating sanctions.

13 § 7517. Breach of arbitration agreement; sanctions. (a) The court  
14 shall impose a monetary sanction against a drafting party that mate-  
15 rially breaches an arbitration agreement, except an arbitration agree-  
16 ment included in the terms of a collective bargaining agreement, by  
17 ordering the drafting party to pay the reasonable expenses, including  
18 attorneys' fees and costs, incurred by the employee or consumer as a  
19 result of the material breach.

20 (b) In addition to the monetary sanction described in subdivision (a)  
21 of this section, the court may order any of the following sanctions  
22 against a drafting party that materially breaches an arbitration agree-  
23 ment, unless the court finds that the party subject to the sanction  
24 acted with substantial justification or that other circumstances make  
25 the imposition of the sanction unjust:

26 (i) an evidence sanction by an order prohibiting the drafting party  
27 from conducting discovery in the civil action;

28 (ii) a terminating sanction by one of the following orders:

29 (1) an order striking out the pleadings or parts of the pleadings of  
30 the drafting party; or

31 (2) an order rendering a judgment by default against the drafting  
32 party; or

33 (iii) a contempt sanction by an order treating the drafting party as  
34 in contempt of court.

35 § 5. This act shall take effect immediately.