STATE OF NEW YORK

9408

IN SENATE

March 10, 2026

Introduced by Sen. GOUNARDES -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to prohibiting the manufacture and sale of chatbot toys; and providing for the repeal of such provisions upon the expiration thereof

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

Section 1. The general business law is amended by adding a new article 48 to read as follows:

ARTICLE 48
PROHIBITION ON CHATBOT TOYS

Section 1800. Definitions.
1801. Prohibition.
1802. Interagency study.
1803. Enforcement.
1804. Severability.

§ 1800. Definitions. As used in this article, the following terms shall have the following meanings:

1. "AI companion" shall have the same definition as set forth in subdivision four of section seventeen hundred of this chapter.

2. "Chatbot toy" shall mean when an AI companion is embedded in or integrated with a children's toy.

3. "Child" shall mean a natural person under the age of thirteen.

4. "Children's toy" shall mean as defined in subdivision (g) of 15 USC § 2057c or any successor provision thereof.

5. "User" shall mean any person who is a consumer of a chatbot toy and who is not an operator, agent, affiliate, developer, manufacturer, seller, reseller, distributor, or commercial provider of such toy.

6. "Operator" shall mean any person, partnership, association, firm, or business entity, or any member, affiliate, subsidiary or beneficial owner thereof, who operates or provides an AI companion in a children's toy.

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

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7. "AI model training" shall mean testing, validating, or fine tuning of an AI companion in a chatbot toy.

8. "Data analytics" shall mean the computational process of collecting, organizing, processing, or examining data to identify patterns, correlations, trends, or other meaningful information, for the purpose of extracting insights, supporting decision making, or generating predictions about users, groups, or systems, including but not limited to behavioral analytics, usage analytics, sentiment analytics, and inferential analytics related to a child user.

§ 1801. Prohibition. No person, firm, corporation, association, partnership, business entity, or agent, employee, affiliate, beneficial owner, or subsidiary thereof, shall manufacture, exchange, hold for sale, distribute, or sell any chatbot toy in this state.

§ 1802. Interagency study. 1. Within four years of the effective date of this article, the secretary of state, commissioner of mental health, attorney general, and head of the office of digital innovation, governance, integrity, and trust (DIGIT) shall produce a report on the potential risks and benefits that chatbot toys pose to child users related to all of the following:

(a) The educational value of chatbot toys;

(b) The potential for such toys to create emotional attachment and dependency in child users;

(c) The potential for such toys to replace human interaction for child users;

(d) The value and risks that such toys pose for child users in different stages of child development, including how such toys may affect such development;

(e) The effectiveness and navigability of parental controls for such toys that may offer features such as content filtering, time limits, displays of conversational history between a child user and chatbot toy, privacy controls, data collection limitations, or other features offered by the operator of the AI companion in such toy;

(f) The actual adoption and utilization of such parental controls by parents of child users;

(g) The effectiveness, use, and implications of parental insight tools about child user behavior, personality, and/or development;

(h) How such toys produce, provoke, and/or respond to content that may reasonably be deemed inappropriate for a child user considering such user's age;

(i) How such toys respond to child user prompts that indicate such child is in danger of physical or emotional harm;

(j) Data collection and retention practices of such toy, including both data collected from active interactions with a child or other user and data collected from a passive recording of a child or other natural person;

(k) Whether such data is sold, transferred, shared, or processed by a third party for transcription, analytics, AI model training, advertising, or other internal or external purposes;

(l) How the practices described in paragraphs (j) and (k) of this subdivision may relate to existing obligations for chatbot toy operators under 15 USC § 6502 and article thirty-nine-FF of this chapter;

(m) Cybersecurity practices of the chatbot toy operator to prevent and respond to data breaches;

(n) The business model for AI companion toys, including whether such toys induce users to purchase subscriptions, virtual currencies or

goods, or paywalled content, or employ other monetization techniques; and

(o) Any other factor deemed relevant by such secretary, commissioner, attorney general, and head, considering the underlying purpose of this article.

2. Such report shall be delivered to the governor, the temporary president of the senate, the speaker of the assembly, the chair of the senate internet and technology committee, the chair of the assembly science and technology committee, and the chairs of the senate and assembly mental health committees within four years of the effective date of this article. Such report shall also be posted for public review in a clear and conspicuous manner online.

§ 1803. Enforcement. Whenever the attorney general shall believe from evidence satisfactory to them that any person, firm, corporation, association, partnership, business entity, or agent, employee, affiliate, beneficial owner, or subsidiary thereof has violated any provision of this article, they may bring an action in the supreme court of the state of New York for a judgment enjoining the continuance of such violation and for a civil penalty of not more than fifteen thousand dollars per day for each violation. If it shall appear to the satisfaction of the court or justice that the defendant has violated section eighteen hundred one of this article, no proof shall be required that any person has been injured thereby. In such action preliminary relief may be granted under article sixty-three of the civil practice law and rules.

§ 1804. 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. It is hereby declared to be the intent of the legislature that this article would have been enacted even if such invalid provisions had not been included herein.

§ 2. This act shall take effect on the sixtieth day after it shall have become a law and shall expire and be deemed repealed five years after such effective date. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.