

STATE OF NEW YORK

6907--A

2025-2026 Regular Sessions

IN ASSEMBLY

March 18, 2025

Introduced by M. of A. DINOWITZ, SEAWRIGHT, STIRPE -- read once and referred to the Committee on Judiciary -- recommitted to the Committee on Judiciary 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 civil practice law and rules, in relation to arbitration agreements

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

Section 1. Article 75 of the civil practice law and rules is amended by adding a new section 7500 to read as follows:

§ 7500. Definitions. As used in this article:

(a) "Arbitration" means the use of a decision making forum conducted by an arbitrator or panel of arbitrators within the meaning and subject to the provisions of this article.

(b) "Neutral third-party arbitrator" means an arbitrator who does not have an undisclosed known, direct or material interest, including a financial or personal interest in the outcome of the arbitration proceeding, or a known, existing or past relationship with any of the parties to the agreement to arbitrate or the arbitration proceeding, their counsel or representatives, a witness, or another arbitrator.

(c) "Employment" means a relationship between an employer and an employee as defined in section three of the Fair Labor Standards Act of 1938 (29 U.S.C. § 203) but who is neither an officer nor employed pursuant to an individualized, mutually-negotiated employment contract.

(d) "Consumer" means a natural person residing in this state who is involved in a consumer dispute.

(e) "Consumer dispute" means a dispute between an individual who seeks or acquires real or personal property, services (including services relating to securities and other investments), money or credit, for personal, family or household purposes and the seller or provider of

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

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1 such property, services, money or credit, but shall not include any such
2 property or service, including financial products and services where the
3 terms of acquisition of such product or service are mutually negotiated
4 between the seller and the purchaser of such property or service.

5 § 2. Section 7501 of the civil practice law and rules, as amended by
6 chapter 532 of the laws of 1963, is amended to read as follows:

7 § 7501. Effect of arbitration agreement. A written agreement to
8 submit any [~~controversy~~] employment dispute or consumer dispute there-
9 after arising or [~~any~~] then existing [~~controversy~~] to arbitration is
10 enforceable without regard to the justiciability character of the [~~contro-~~
11 ~~versy~~] dispute and confers jurisdiction on the courts of the state to
12 enforce it and to enter judgment on an award; provided, however, and
13 except where inconsistent with federal law, that language requiring such
14 employment or consumer dispute be submitted to an arbitrator or arbi-
15 tration organization that is not a neutral third-party arbitrator, shall
16 be deemed void. The requirement that such employment or consumer
17 dispute be heard by a neutral third-party arbitrator may not be waived
18 by a party prior to the service on such party of a demand for arbi-
19 tration. Upon disclosure pursuant to section seventy-five hundred five-a
20 of this article, a party shall be deemed to have waived any objection to
21 the arbitrator by failing to raise same within thirty calendar days of
22 receiving the disclosure. In determining any matter arising under this
23 article, the court shall not consider whether the claim with respect to
24 which arbitration is sought is tenable, or otherwise pass upon the
25 merits of the dispute.

26 Arbitration of any employment or consumer dispute shall be conducted
27 by a neutral third-party arbitrator. Appointment of any arbitrator
28 shall reasonably ensure the personal objectivity of the arbitrator and
29 the right of each party to present its case, to be in attendance during
30 any presentation made by the other party and to rebut or refute such
31 presentation.

32 § 3. The civil practice law and rules is amended by adding a new
33 section 7505-a to read as follows:

34 § 7505-a. Disclosure by arbitrator in employer and consumer disputes.
35 (a) Before accepting appointment to any employment or consumer dispute,
36 an individual who is requested to serve as an arbitrator, after making a
37 reasonable inquiry, shall disclose to all parties to the agreement to
38 arbitrate and the arbitration proceeding, and to any other arbitrators
39 any known facts that a reasonable person would consider likely to affect
40 the impartiality of the arbitrator in the arbitration proceeding,
41 including:

42 (1) a financial or personal interest in the outcome of the arbitration
43 proceeding; and

44 (2) an existing or past relationship with any of the parties to the
45 agreement to arbitrate or the arbitration proceeding, their counsel or
46 representatives, a witness, or another arbitrator.

47 (b) An arbitrator has a continuing obligation to disclose to all
48 parties to the agreement to arbitrate and the arbitration proceeding,
49 and to any other arbitrators any facts that the arbitrator learns after
50 accepting appointment which a reasonable person would consider likely to
51 affect the impartiality of the arbitrator.

52 (c) If an arbitrator discloses a fact required by subdivision (a) or
53 (b) of this section and a party timely objects to the appointment or
54 continued service of the arbitrator based upon the fact disclosed, the
55 objection may be a ground for vacating an award made by the arbitrator

1 if the court holds that the arbitrator was partial as provided for in
2 section seventy-five hundred eleven of this article.

3 (d) If the arbitrator did not disclose a fact as required by subdivi-
4 sion (a) or (b) of this section, upon timely objection by a party after
5 discovery of such non-disclosure, the court may vacate an award based on
6 such non-disclosure if the court holds that the arbitrator was partial
7 as provided for in section seventy-five hundred eleven of this article.

8 § 4. Section 7506 of the civil practice law and rules is amended to
9 read as follows:

10 § 7506. Hearing. (a) Oath of arbitrator. Before hearing any testimony,
11 an arbitrator shall be sworn to hear and decide the controversy faith-
12 fully and fairly by an officer authorized to administer an oath.

13 (b) Time and place. The arbitrator shall appoint a time and place for
14 the hearing and notify the parties in writing personally or by regis-
15 tered or certified mail not less than eight days before the hearing. The
16 arbitrator may adjourn or postpone the hearing. The court, upon applica-
17 tion of any party, may direct the arbitrator to proceed promptly with
18 the hearing and determination of the controversy.

19 (c) Evidence. The parties are entitled to be heard, to present
20 evidence and to cross-examine witnesses. Notwithstanding the failure of
21 a party duly notified to appear, the arbitrator may hear and determine
22 the controversy upon the evidence produced.

23 (d) Postponements and adjournments. The arbitrator may for good cause
24 postpone or adjourn the hearing upon request of a party or upon the
25 arbitrator's own initiative. If a party to an arbitration intends to
26 present testimony from a witness at the hearing, absent good cause
27 shown, the identity of the witness must be given to all parties at least
28 seven calendar days prior to the hearing.

29 (e) Representation by attorney. A party has the right to be repres-
30 ented by an attorney and may claim such right at any time as to any part
31 of the arbitration or hearings which have not taken place. This right
32 may not be waived. If a party is represented by an attorney, papers to
33 be served on the party shall be served upon [his] the party's attorney.
34 It shall be discretionary with the arbitrator to permit the attendance
35 of any other persons.

36 ~~[(e)]~~ (f) Determination by majority. The hearing shall be conducted by
37 all the arbitrators, but a majority may determine any question and
38 render an award.

39 ~~[(f)]~~ (g) Waiver. Except as provided in subdivision [d)] (e) of this
40 section, a requirement of this section may be waived by written consent
41 of the parties and it is waived if the parties continue with the arbi-
42 tration without objection.

43 § 5. Section 7507 of the civil practice law and rules, as amended by
44 chapter 952 of the laws of 1981, is amended to read as follows:

45 § 7507. Award; form; time; delivery. (a) Except as provided in
46 section 7508, the award shall be in writing, signed and affirmed by the
47 arbitrator making it within the time fixed by the agreement, or, if the
48 time is not fixed, within such time as the court orders.

49 (b) In an arbitration involving a consumer dispute or an employment
50 dispute where arbitration was held pursuant to a contract, and except
51 where inconsistent with federal law, the award shall state the issues in
52 dispute and shall set forth an explanation of the reasons for the award.
53 The award shall contain a decision on all issues submitted to the arbi-
54 trator.

55 (c) The parties may in writing extend the time either before or after
56 its expiration. A party waives the objection that an award was not made

1 within the time required unless [~~he~~] the party notifies the arbitrator
2 in writing of [~~his~~] the party's objection prior to the delivery of the
3 award [~~to him~~].

4 (d) The arbitrator shall deliver a copy of the award to each party in
5 the manner provided in the agreement, or, if no provision is so made,
6 personally or by registered or certified mail, return receipt requested.

7 § 6. The civil practice law and rules is amended by adding two new
8 sections 7517 and 7518 to read as follows:

9 § 7517. Prohibited predispute arbitration agreements. (a) Defi-
10 nitions. (i) The term "consumer dispute" means a dispute between an
11 individual who seeks or acquires real or personal property, services
12 (including services relating to securities and other investments),
13 money, or credit for personal, family or household purposes and the
14 seller or provider of such property, services, money or credit.

15 (ii) The term "employment dispute" means a dispute between an employer
16 and employee arising out of the relationship of employer and employee as
17 defined in section three of the Fair Labor Standards Act of 1938 (29
18 U.S.C. § 203) but who is neither an officer nor employed pursuant to an
19 individualized, mutually-negotiated employment contract.

20 (iii) The term "predispute arbitration agreement" means any agreement
21 to arbitrate a dispute that had not yet arisen at the time of the making
22 of the agreement.

23 (b) Prohibition. Notwithstanding any other provision of this article,
24 and except where inconsistent with federal law no predispute arbitration
25 agreement shall be valid or enforceable if it requires arbitration of an
26 employment dispute or consumer dispute.

27 § 7518. Prohibited provisions. (a) Prohibition of effect of certain
28 arbitration clauses or agreements. Mandatory arbitration clauses or
29 agreements covering consumers and employees are contrary to the estab-
30 lished public policy of this state. Because employees and consumers are
31 forced to assent to these agreements as a condition of being an employee
32 or consumer before any dispute has arisen with the employer or merchant,
33 these agreements do not offer employees and consumers a meaningful
34 choice about how to resolve their disputes with the employer or
35 merchant. In addition, mandatory arbitration agreements prevent employ-
36 ees and consumers from effectively vindicating their rights under state
37 law. For these reasons, except when inconsistent with federal law, the
38 state prohibits the formation and enforcement of mandatory arbitration
39 agreements in employment and consumer contracts.

40 (b) Prohibition of arbitration clauses in employment contracts for
41 workers exempted from the Federal Arbitration Act. A mandatory arbi-
42 tration agreement within or part of any written contract of employment
43 of seamen, railroad employees or any other class of workers engaged in
44 foreign or interstate commerce is unenforceable and void. Any such arbi-
45 tration agreement shall be considered severable, and all other
46 provisions of the employment contract shall remain in effect and given
47 full force.

48 (c) Prohibition of arbitration clauses that are not governed by feder-
49 al law. Any mandatory arbitration agreement, or portion thereof, in an
50 employment or consumer contract is invalid, unenforceable and void, when
51 the enforceability of such arbitration agreement, or the portion at
52 issue, is governed by state law. Any such arbitration agreement shall be
53 considered severable, and all other provisions of the employment
54 contract shall remain in effect and given full force.

1 (d) Exclusion. The provisions of this section shall not apply to
2 agreements negotiated with any labor union through collective bargain-
3 ing.

4 § 7. Enforcement. Any injured private person and any enforcement
5 agency or official responsible for enforcing the provisions of this act
6 may bring suit for injunctive relief against an entity that violates
7 such provisions, and may recover reasonable attorney fees and other
8 costs if an injunction or equivalent relief is awarded. Injunctive
9 relief shall be the only relief available in a suit arising from failure
10 to comply with this act.

11 § 8. Severability. If any provision of this act or the application
12 thereof to any person or circumstance is held invalid, such invalidity
13 shall not affect other provisions or applications of this act that can
14 be given effect without the invalid provision or application, and to
15 that end the provisions of this act are declared to be severable.

16 § 9. This act shall take effect on the first of January next succeed-
17 ing the date on which it shall have become a law.