STATE OF NEW YORK

3879--A

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 -- 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

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

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

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

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

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

(ii) After an employee or consumer meets the filing requirements necessary to initiate an arbitration, the arbitration provider shall immediately provide an invoice for any fees and costs required before the arbitration can proceed to all of the parties to the arbitration. The invoice shall be provided in its entirety, shall state the full

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

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amount owed and the date that payment is due, and shall be sent to all parties by the same means on the same day. To avoid delay, absent an express provision in the arbitration agreement stating the number of days in which the parties to the arbitration must pay any required fees or costs, the arbitration provider shall issue all invoices to the parties as due upon receipt.

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

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

(ii) compel arbitration in which the drafting party shall pay reasonable attorneys' fees and costs related to the arbitration.

(c) If the employee or consumer withdraws the claim from arbitration and proceeds with an action in a court of competent jurisdiction under paragraph (i) of subdivision (b) of this section, the statute of limitations with regard to all claims brought or that relate back to any claim brought in arbitration shall be tolled as of the date of the first filing of a claim in a court, arbitration forum, or other dispute resolution forum.

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

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

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

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

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

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

(iii) petition the court for an order compelling the drafting party to pay all arbitration fees that the drafting party is obligated to pay under the arbitration agreement or the rules of the arbitration provider; or

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

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

(i) the employee or consumer may bring a motion, or a separate action, to recover all attorneys' fees and all costs associated with the abandoned arbitration proceeding. The recovery of arbitration fees, interest, and related attorneys' fees shall be without regard to any findings on the merits in the underlying action or arbitration; and

(ii) the court shall impose sanctions on the drafting party in accordance with this chapter.

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

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

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

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

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

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

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

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

§ 3. This act shall take effect immediately.