

STATE OF NEW YORK

9788

IN SENATE

April 6, 2026

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

9 § 7513-a. Fees and expenses of arbitration initiation. (a) (i) In an
10 employment or consumer arbitration, except an arbitration agreement
11 included in the terms of a collective bargaining agreement, that
12 requires, either expressly or through application of state or federal
13 law or the rules of the arbitration provider, that the drafting party
14 shall pay certain fees and costs before the arbitration can proceed, if
15 the fees or costs to initiate an arbitration proceeding are not paid
16 within thirty days after the due date, the drafting party is in material
17 breach of the arbitration agreement, is in default of the arbitration,
18 and waives its right to compel arbitration.

19 (ii) After an employee or consumer meets the filing requirements
20 necessary to initiate an arbitration, the arbitration provider shall
21 immediately provide an invoice for any fees and costs required before
22 the arbitration can proceed to all of the parties to the arbitration.
23 The invoice shall be provided in its entirety, shall state the full
24 amount owed and the date that payment is due, and shall be sent to all
25 parties by the same means on the same day. To avoid delay, absent an
26 express provision in the arbitration agreement stating the number of
27 days in which the parties to the arbitration must pay any required fees

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

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1 or costs, the arbitration provider shall issue all invoices to the
2 parties as due upon receipt.

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

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

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

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

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

20 § 7513-b. Fees and expenses of arbitration continuance. (a) (i) In an
21 employment or consumer arbitration, except an arbitration agreement
22 included in the terms of a collective bargaining agreement, that
23 requires, either expressly or through application of state or federal
24 law or the rules of the arbitration provider, that the drafting party
25 shall pay certain fees and costs during the pendency of an arbitration
26 proceeding, if the fees or costs required to continue the arbitration
27 proceeding are not paid within thirty days after the due date, the
28 drafting party is in material breach of the arbitration agreement, is in
29 default of the arbitration, and waives its right to compel the employee
30 or consumer to proceed with that arbitration as a result of the material
31 breach.

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

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 unilaterally elect to do any of the following:

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

52 (ii) continue the arbitration proceeding, if the arbitration provider
53 agrees to continue administering the proceeding, notwithstanding the
54 drafting party's failure to pay fees or costs. The neutral arbitrator or
55 arbitration provider may institute a collection action at the conclusion
56 of the arbitration proceeding against the drafting party that is in

1 default of the arbitration for payment of all fees associated with the
2 employment or consumer arbitration proceeding, including the cost of
3 administering any proceedings after the default;

4 (iii) petition the court for an order compelling the drafting party to
5 pay all arbitration fees that the drafting party is obligated to pay
6 under the arbitration agreement or the rules of the arbitration provid-
7 er; or

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

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

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

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

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

28 § 7517. Breach of arbitration agreement; sanctions. (a) The court
29 shall impose a monetary sanction against a drafting party that mate-
30 rially breaches an arbitration agreement, except an arbitration agree-
31 ment included in the terms of a collective bargaining agreement, by
32 ordering the drafting party to pay the reasonable expenses, including
33 attorneys' fees and costs, incurred by the employee or consumer as a
34 result of the material breach.

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

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

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

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

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

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

50 § 3. This act shall take effect immediately.