EMPLOYMENT & CYBERSECURITY LAW ALERT

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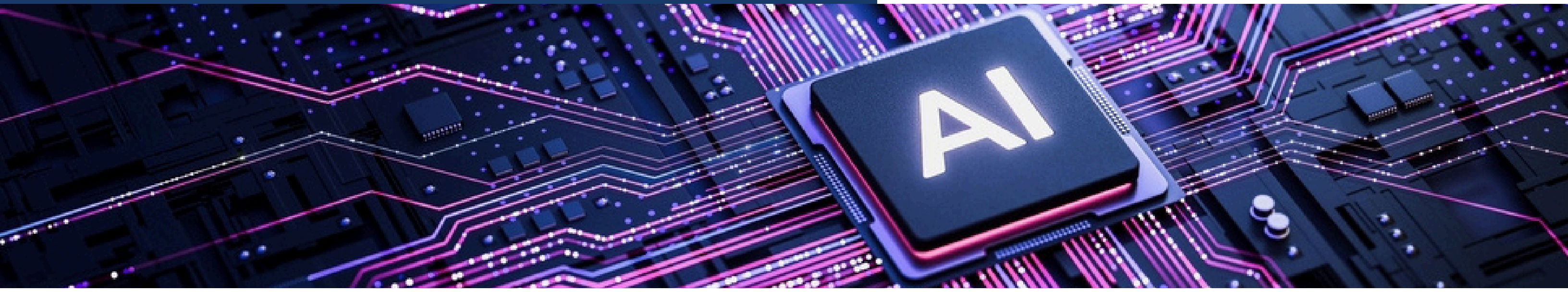

New York Poised to Require Annual Reporting of Artificial Intelligence Use by Employers

New York employers should closely monitor proposed legislation that would require certain businesses to annually disclose information regarding their use of artificial intelligence ("AI") and the impact of AI on their workforce. If signed by the Governor, Senate Bill S8706-B would require covered employers to annually report information regarding their use of AI and would authorize the New York Department of Labor ("DOL") to collect and publish statewide data on AI's impact on employment and business practices. Notably, the legislation also authorizes DOL to establish additional reporting requirements beyond those expressly identified in the bill.

If enacted, the bill would take effect immediately and apply to businesses operating in New York with more than 50 employees, as well as all publicly traded companies doing business in the state, regardless of workforce size. The first reports could be due as early as March 1, 2027, requiring employers to report on AI usage for the 2026 year. Thereafter, covered employers would be required to submit a report to DOL on an annual basis.

Covered employers would be required to report a broad range of information, including: (1) estimates of employees displaced or hired, or positions previously filled that the employer has decided not to fill, due in full or in part to AI use; (2) estimates of employee hours reduced or increased due to AI; (3) descriptions of the employer's AI systems and the objectives for their use; (4) information concerning the frequency and duration of AI use; (5) human oversight measures and other AI governance controls; (6) information on any use of AI in relation to sensitive personal data, including safeguards designed to protect such data; and (7) measures in place for oversight, risk reduction, or other protections related to AI use.

DOL will develop standard reporting forms and processes for covered businesses to submit the required reports. DOL will review the submitted information and prepare an annual report analyzing AI's impact on hiring and employment practices throughout the state. The report will be provided to state leadership and made publicly available on DOL's website.

The legislation would authorize civil penalties of up to $500 per day for non-compliance, although employers would have an opportunity to cure violations within 90 days after receiving notice from the DOL. If the Commissioner is satisfied that the violation has been timely cured, the applicable penalties may be waived or reduced.

Employers that utilize AI tools, including generative AI platforms, recruiting technologies, workflow automation systems, and AI-assisted analytics tools, should begin preparing now. Organizations should inventory AI systems used throughout the business, establish governance and oversight protocols, implement processes to track workforce impacts attributable to AI, and maintain documentation regarding human review of AI-assisted decisions. These steps may help employers comply with future reporting obligations and better position themselves to navigate the evolving AI regulatory landscape.

For more information about this bill or for assistance with any employment law or artificial intelligence matters, please contact:

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