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NY STATE OF AI

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**EMERGING TECHNOLOGIES &
INNOVATION PRACTICE**

The landscape of artificial intelligence (AI) in New York State is evolving at a breakneck pace, presenting both immense opportunities and significant challenges. With initiatives like Empire AI, Governor Kathy Hochul and state leaders are positioning New York as a hub for technological innovation, aiming to leverage the transformative potential of AI to drive economic development, enhance research capabilities, and solidify the state's role as a national leader in technology. At the same time, the rapid proliferation of AI technologies, including large language models, and automated decision systems, is raising complex ethical, legal, and operational questions. 2024 can be viewed as the beginning of significant regulatory efforts to address these questions. As the technology evolves, so too will the conversation on how to balance innovation and regulation.

ARTIFICIAL INTELLIGENCE

The acceleration in the use of large language models like ChatGPT has made artificial intelligence a household name. However, its proliferation has created new concerns and challenges for businesses, educators, and policymakers. Generative AI requires huge swaths of data, much of it scraped from the internet. This method generates new privacy fears regarding individuals' personal information being used to train AI systems. In addition, generative AI has been found to generate false information based on prompts for specific answers, which has created professional errors, cast elected officials in a false light, and provided new challenges for teachers in modern educational settings.

EXECUTIVE ACTION

Governor Kathy Hochul has embraced AI from an economic development perspective with the creation of ["Empire AI,"](#) a New York State-run data center located at the University at Buffalo. Developed in collaboration with the State's other major research institutions, Empire AI aims to enhance research capabilities through the computational power of generative AI. Empire AI is expected to be a years-long undertaking that will require significant funding and collaboration with major chipmakers, public and private universities, organized labor, private interests, and State government. The [first phase of Empire AI went live in October 2024](#) with the Simons Foundation making a philanthropic contribution of initial computing power and expert staffing, allowing Empire AI to jumpstart its research. This initial phase of Empire AI is showcasing some of the most robust computing power in the nation. On behalf of the consortium, the University at Buffalo also has launched a request for proposals to advance the permanent home of the full-scale state-of-the-art artificial intelligence computing center.

"NEW YORK IS WRITING THE NEXT CHAPTER OF HUMAN HISTORY WITH OUR HISTORIC EMPIRE AI INITIATIVE — PUTTING INNOVATION, RESEARCH AND TECHNOLOGY AT THE FOREFRONT OF OUR INVESTMENTS." - GOVERNOR HOCHUL, OCTOBER 11, 2024



2024 LEGISLATION

This past year, while seeking to better understand the technology behind machine learning and other issue areas impacted by artificial intelligence, New York legislators introduced scores of bills to regulate AI. By the conclusion of the 2024 legislative session in June, there were nearly one hundred bills introduced by one or both houses of the NYS State Legislature that referenced AI. Legislation reflects a primary focus to address concerns with the impact AI could have on lawmakers' constituents and the world at large. This initial approach to placing guardrails on the technology would have created a patchwork of regulation had more of these bills passed the legislature. Proposed legislation was mainly focused on policy areas such as automated decision-making systems (ADS), generative AI and large language models (LLMs) and their capabilities, and creating regulatory regimes to examine and implement policy around AI use and development. Some examples of bills include:

AUTOMATED DECISION MAKING

- **LOADinG Act ([S.7543/A.9430](#))** – This bill establishes rigorous oversight over the use of automated decision-making systems within NYS agencies, aiming to ensure transparency, fairness, and accountability. This bill seeks to protect individuals' rights by scrutinizing the deployment and impact of such technologies in government services, potentially preventing the use of biased or unfair ADS. This legislation passed both houses of the legislature and is under consideration for approval by Governor Hochul.
- **Employment Decision-Making tools** – Several bills were introduced to address the use of AI-driven technology by employers to screen current and potential employees. The legislation focused on creating safeguards for employees' data and requiring employers to implement impact assessments of the ADS tools they utilize. Businesses with a certain number of employees would be prohibited from using the technology without conducting impact assessments.

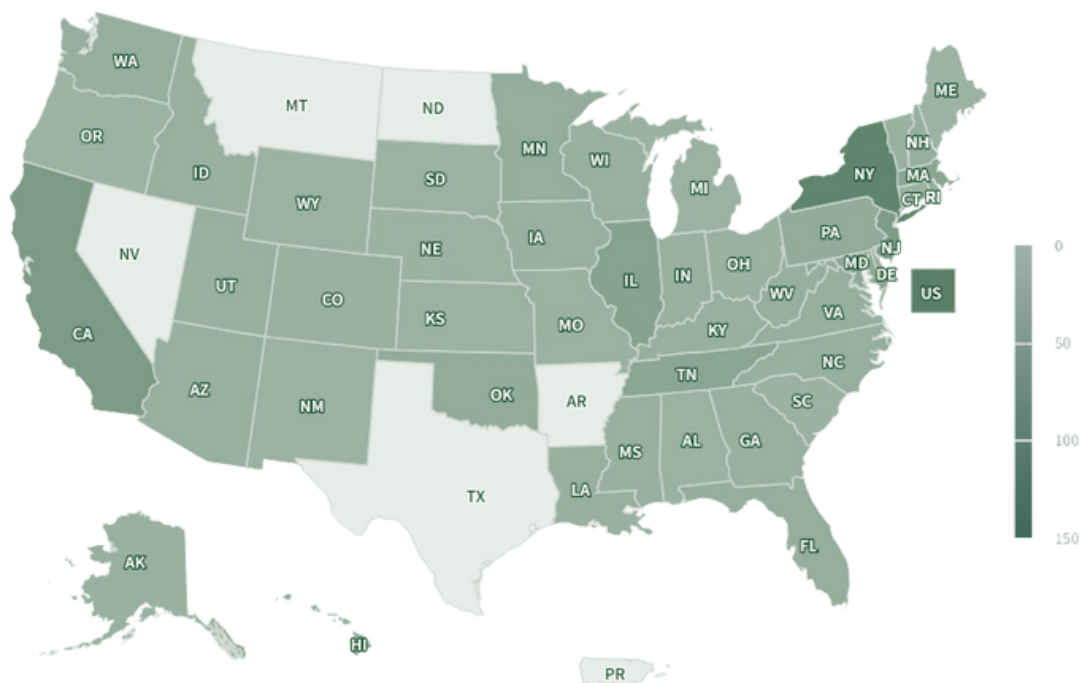
GENERATIVE AI

- **Chatbot warning and liability bills** – Several bills this year sought to prohibit the use of customer-facing AI-powered chatbots that do not come with explicit disclosure that individuals are interacting with such technology. These bills also contained civil penalties for the use of chatbots which provide customers with misinformation leading to material harm.
- **Deceptive Media and Deepfakes** – New York was successful in passing and approving legislation in this year's FY 24-25 Executive Budget to combat AI-driven election misinformation. Individuals now can file a claim for compensation and injunctive relief against the publisher or disseminator of "materially deceptive media," in which a victim's likeness is artificially generated or altered.

2024 LEGISLATION CONTINUED

LICENSING REQUIREMENTS/TASKFORCES

- **Chief Artificial Intelligence Officer** ([S.9104/A.10231](#)) – Legislation was introduced this year that would create an Office of Artificial Intelligence in New York and a Chief Artificial Intelligence Officer as well. The CAIO would lead an advisory committee that would evaluate and propose policy regarding AI use in the State. The bill passed in the Senate and failed to advance in the Assembly.
- **Commission to study and investigate how to regulate artificial intelligence, robotics and automation** ([S.8138/A.9559](#)) – Legislation to create and empanel a taskforce of AI experts has been passed by the Legislature and vetoed by the Governor in 2023. This year, the bill passed the Senate and failed to advance in the Assembly.
- **AI Registration** ([S.8214/A.10364](#)) – Legislation was introduced this year that would require certain companies utilizing AI to register with the NYS Department of State. This bill failed to advance in both the Senate and Assembly.
- **Licensure** ([A.8195](#)) – Legislation was introduced this year to require the licensing of advanced or high-risk artificial intelligence systems by the NYS Department of State. This bill failed to advance in the Assembly.



Concentration and volume of AI legislation proposed across the United States.
Source: MultiState Associates, Inc.

OTHER REGULATORY EFFORTS

In addition to legislative activity, there were several public State forums to solicit information on AI, as well as first time AI-related agency guidelines issued by the Office of Information Technology Services and the Department of Financial Services.

NYS Office of Information Technology Services (ITS)

ITS issued [guidelines](#) around acceptable agency use of AI in early 2024. ITS has indicated the guidelines are intended to be a living document and will be updated accordingly.

NYS Department of Financial Services (DFS) Action

In July 2024, DFS issued a [circular letter](#) on the use of AI in underwriting and pricing in the insurance industry. More recently, the Department issued [guidance](#) for licensed entities to update their cybersecurity protocols to protect from AI-enabled risks and also how to utilize AI to better protect their systems.

NYS Attorney General AI Report

In April, the Office of the Attorney General (OAG) hosted an invite-only symposium on generative AI. Subsequently, the OAG released a [report](#) containing stakeholder comments and key takeaways from the symposium. The report is intended to share insights with other policymakers and government agencies, and to facilitate a public dialogue on developing the beginning of a legal and policy framework for AI technology.

NYS Assembly Hearing

In September 2024, the NYS Assembly Committee on Consumer Affairs and Protection and the Committee on Science and Technology held a [joint hearing](#) to examine the role of AI in finance, advertising, marketing, and other consumer-facing industries. The testimony provided and subsequent Q&A likely informed the thinking of many legislators about AI regulation and the hearing made clear the Committees' intent to address AI policy in 2025 and beyond. New York policymakers are closely watching other states' AI efforts – specifically, whether states are pursuing a comprehensive regulatory framework, or a more targeted approach that relies on use case and risk-based regulatory oversight.

PROSPECTIVE LEGISLATION IN 2025

The 2024 Legislative Session proved to be a year of policymakers staking out positions on artificial intelligence legislation. From the various proposals to define in statute basic concepts such as “artificial intelligence” or “automated decision making,” it is clear legislators are just beginning to grasp the complexity of placing guardrails around such a quickly evolving and transformational technology. While California has struck first, signing into law more than one dozen bills targeting specific use cases for AI, we expect significant activity in New York in 2025. Statewide Public Affairs has been informed that several legislators intend to introduce legislation that goes beyond what was covered in 2024.

A comprehensive AI “safety” bill, similar to legislation passed in California and ultimately vetoed by Governor Gavin Newsom, is expected to be introduced in New York. Several New York legislators support bills that would heavily regulate and impose stringent reporting and record-keeping requirements on large-scale AI systems and the developers of these systems.

One Assemblymember has publicly stated their plans to introduce several pieces of legislation for 2025, favoring a comprehensive approach to regulating AI, similar to bills from Connecticut, Colorado, and California.

Additional bills by that Assemblymember may include:

- Legislation creating liability for developers/deployers;
- Bills to require “watermarking” for images or some other content provenance requirements for data would mirror California legislation;
- A frontier model bill that will address concerns with certain models’ capabilities; and
- A bill creating transparency standards for AI training data.

Another Assemblymember is planning to introduce legislation addressing high-risk AI and requiring licensing for certain advanced AI models. They are expected to introduce bills mandating that generative AI chatbots come with warnings and create liability for misinformation as well.

While these are some specific examples, we can expect that additional legislators will also be introducing AI-adjacent bills in 2025. We also anticipate further regulatory reform attempts by state agencies. Additionally, with the inception of Empire AI in 2024, Governor Hochul may need additional legislative measures to further her economic development objectives in New York, creating an opportunity to discuss the implementation of regulatory safeguards.

CONCLUSION

Over the past year, New York policymakers have introduced an unprecedented volume of AI-related legislation, addressing issues from data privacy and automated decision-making to the use of generative AI in consumer interactions. However, the pace of regulation has struggled to keep up with the rapid evolution of AI technology. The creation of guidelines by agencies such as the NYS ITS and the DFS demonstrates a growing awareness of the need for governance, yet the road ahead will require more sophisticated, comprehensive efforts involving multiple stakeholders.

For businesses, this dynamic environment presents a dual imperative: to innovate and adapt rapidly to harness AI's potential, while also remaining vigilant to emerging regulations and compliance requirements. Whether advancing AI capabilities, developing ethical safeguards, or navigating regulatory challenges, companies will need to proactively engage with stakeholders and policymakers to ensure there are no adverse outcomes.

The Emerging Technologies and Innovation Practice at Statewide Public Affairs is uniquely positioned to help organizations succeed in this evolving landscape. With decades of experience in advocacy, legislative reform, and coalition building, our team provides the expertise needed to guide businesses through the intricacies of AI-related policies. The Co-Chairs have spent years immersed in tech policy discussions as advocates for global internet and blockchain companies in New York and the greater United States. The practice team can bridge the gap between policymakers and tech experts, giving us the ability to translate complex technical concepts into actionable policy recommendations - which is key to shaping laws and regulations that support innovation. By working with our partners in government, the practice aims to help shape a future where AI and other innovations not only advance technological capabilities, but also foster equity, transparency, and trust.

As AI policy discussions intensify and new regulations continue to be proposed, the time to shape outcomes is now. Whether your organization is an established leader in AI or an emerging player looking to make an impact, ensuring a seat at the table is essential to influencing policies that will define your future. Together, we can navigate these complexities, seize opportunities, and drive progress at the intersection of technology and public policy.

EMERGING TECHNOLOGIES & INNOVATION PRACTICE

New York's political, governmental, and economic landscape has shifted dramatically over the past few decades, and technology is responsible for much of that change. However, legislative and regulatory policy has, for the most part, failed to keep pace with innovation. Policymakers still require a great deal of education on how certain technologies work, their use cases, and their potential to help move New York forward into a more prosperous and equitable future.

The Emerging Technologies and Innovation practice at Statewide Public Affairs was created to help companies navigate these challenges through a combination of regulatory guidance, advocacy, coalition building, and legislative and regulatory reform. The practice leaders have decades of experience and an intimate understanding of these issues and the historical attempts to enact policy addressing them. Their expertise comes from being at the forefront of many battles over the years helping to enact or defeat legislation on issues including the sharing economy, e-commerce, data privacy and security, mobility, digital taxation, digital assets, and content moderation.

MEET THE ET & IP TEAM



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APPENDIX: KEY POLICYMAKERS



SENATOR KRISTEN GONZALEZ

Chair, Committee on Internet and Technology

Senator Kristen Gonzalez is a former tech worker and community organizer, born and raised in a working-class family in Queens. She represents District 59, covering parts of Western Queens, Northern Brooklyn and the East Side of Manhattan. As the youngest woman ever elected to the NY State

Senate and Chair of the Internet & Technology Committee, she has sponsored several pieces of legislation seeking to regulate AI. Most of the bills mentioned in this report are sponsored by Senator Gonzalez.



ASSEMBLYMEMBER NILY ROZIC

Chair, Committee on Consumer Affairs & Protection

Assemblymember Nily Rozic represents New York's 25th District, which spans the Eastern portion of Queens, including the communities of Flushing, Queensboro Hill, Hillcrest, Fresh Meadows, Oakland Gardens, Bayside, and Douglaston. Upon her election in 2012, Assemblymember Rozic became the

youngest woman in the State Legislature and the first woman ever to represent the 25th District. Her committee focuses on fraud and discriminatory business practices, data privacy, and it regulates credit and pricing practices in New York. Increasingly, the committee also focuses on the impact of technology to consumers and businesses in the State. Chair Rozic has indicated she wants to regulate AI from a consumer protection angle and wants to be thoughtful about how the technology is regulated so as not to stifle innovation in New York.



ASSEMBLYMEMBER STEVE OTIS

Chair, Committee on Science & Technology

Assemblymember Steve Otis, representing Assembly District 91, is the leading advocate for digital inclusion programs in the State Legislature. These programs provide broadband access, devices and training to individuals lacking a level of digital connectivity that many people might

take for granted. Digital inclusion programs are the leading nationally recognized model for addressing digital equity issues based on race, age or economic ability. His initiative to create a NYS Digital Inclusion Grant program was included in the 2021-22 and 2022-23 State budgets. The committee co-sponsored a 2023 hearing on AI workplace issues with the NYS Assembly Labor Committee. In 2022, the Assemblymember's legislation mandating that Labor Law documents required for workplace posting be made available to employees digitally was signed into law. Chair Otis is the Assembly sponsor of the LOADinG Act, as well other pieces of legislation that attempt to impose restrictions on the use of AI.



ASSEMBLYMEMBER CLYDE VANEL

Chair, Subcommittee on Internet and New Technology

Assemblymember Clyde Vanel represents Assembly District 33. Elected in 2016, Vanel is known for his advocacy on small business development, technology innovation, and financial literacy. With a background as an attorney, entrepreneur, and pilot, he has been a strong proponent of

fostering entrepreneurship, particularly in underserved communities. Vanel is also a leader in advancing blockchain technology and cybersecurity initiatives, aiming to establish New York as a tech-forward state. Vanel has sponsored dozens of bills related to AI even prior to 2024 and is also regarded as a subject matter expert by his colleagues.



ASSEMBLYMEMBER ALEX BORES

Member, Committee on Science & Technology and Committee on Consumer Affairs & Protection

Assemblymember Alex Bores represents Assembly District 73. Elected in 2022, Assemblymember Bores brings a background in technology and public policy to his legislative work, focusing on issues such as affordable housing, climate, action, and technological innovation. He is committed to

modernizing government services through digital transformation, improving infrastructure, and advancing environmental sustainability. He is the first member of the State Legislature to hold a degree in computer science and is a former engineer at Palantir. Assemblymember Bores is widely regarded as the leading subject matter expert on AI and data analytics among his colleagues. He is the sponsor of several bills that cover a broad range of AI-related issue areas.



ASSEMBLYMEMBER JAKE BLUMENCRANZ

Ranking Member, Committee on Science & Technology

Assemblymember Jake Blumencranz represents the 15th District in the New York State Assembly, covering parts of Nassau County. Elected in 2022, Blumencranz focuses on key issues such as public safety, economic development, and education reform. With a background in law and finance

he is committed to fostering policies that support small businesses, improve infrastructure, and enhance the quality of life for his constituents. Blumencranz is also a strong advocate for environmental conservation and veterans' rights, working to ensure that these critical areas receive attention in state policy discussions.

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