



October 8, 2026

The Honorable Julie Menin
Speaker
The Council of the City of New York
City Hall
New York, NY 10007

Re: Committee of the Whole Hearing on Artificial Intelligence Legislative Proposals

Speaker Menin, Chair De La Rosa, and Members of the New York City Council:

The U.S. Chamber of Commerce appreciates the opportunity to submit testimony regarding the Council's October 5 hearing on artificial intelligence and Introduction Nos. 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 161, and 504.

The Chamber supports policies that encourage responsible AI development, strengthen public trust, enhance consumer protection, and address legitimate concerns involving security, transparency, misuse, and accountability. At the same time, policymakers must preserve the innovation, investment, and economic growth that AI technologies can help generate.

Artificial intelligence is becoming an increasingly important tool for businesses of all sizes. It has the potential to improve productivity, expand economic opportunity, support workers, strengthen public services, and help solve complex challenges. A majority of New York small businesses are concerned about operationalizing a state patchwork of AI and privacy laws.¹ The ability of small businesses to realize the benefits of AI requires the ability to deploy these tools without navigating unnecessary regulatory complexity. The proposed legislation could add to regulatory confusion for businesses operating in New York City and across the broader Tri-State area.

While we appreciate the Council's commitment to addressing emerging AI risks, we are concerned that the current legislative package would create an expansive local AI regulatory framework that could impose significant compliance burdens without commensurate benefits for consumers. It could also inhibit AI adoption by businesses seeking to serve New Yorkers. Several proposals would establish broad compliance

¹ <https://www.uschamber.com/assets/documents/Empowering-Small-Business-The-Impact-of-Technology-on-U.S.-Small-Business-Small-Business-Report-2026.pdf>

obligations, overlapping liability structures, and requirements that could extend well beyond the highest-risk AI systems the Council appears principally focused on addressing. In addition, given the State recently enacted the RAISE Act, we believe the City Council should assess whether the bills before it are necessary.

Key Concerns

AI Regulation Should Be Risk-Based and Narrowly Tailored

Several bills rely on broad definitions of terms such as "AI model," "AI provider," "chatbot," and "AI advertisement." As drafted, these definitions could capture routine software tools, customer service technologies, productivity applications, and other widely used business systems that do not pose the same risks as frontier or high-impact AI systems.

The Chamber encourages the Council to focus regulatory obligations on clearly defined high-risk uses with precise definitions, rather than imposing requirements across broad categories of technologies. Not every AI system presents the same level of risk, and regulation should reflect those differences.

Standards Should Be Established Before Enforcement

Several proposals would require compliance with standards that remain undefined or subject to future rulemaking. Businesses cannot reasonably evaluate legal obligations, technical requirements, or compliance costs when the governing rules have not yet been established.

Any regulatory framework should be based on clear, objective, publicly available standards that provide certainty for both businesses and consumers before enforcement begins.

Enforcement Should Be Predictable and Proportionate

The package includes a combination of civil penalties, private rights of action, whistleblower bounty provisions, regulatory enforcement mechanisms, and potential criminal penalties. Collectively, these overlapping approaches would create substantial litigation risk and uncertainty.

New York City Should Avoid Regulatory Fragmentation

State, Federal, and international policymakers are actively considering AI governance frameworks. A uniquely expansive municipal regulatory regime could create conflicting obligations for businesses operating across jurisdictions and discourage investment in New York City.

The Chamber encourages coordination with broader State and Federal efforts to promote consistency, predictability, and effective oversight. Where AI is used in sectors that are already subject to comprehensive oversight, the Council should recognize existing requirements rather than layer duplicative city obligations on the same activity.

Individual Introduction Concerns

Introduction 2602

While we recognize the valuable role third parties can play in the AI ecosystem to support trust, transparency, and accountability, in this specific instance the Chamber is concerned with the proposal requiring third-party validation before AI systems may be marketed, sold, or deployed. As drafted, this requirement could function as a pre-deployment approval system and create significant barriers to the use of beneficial technologies. The bill does not adequately distinguish between tiers of risk and could subject widely used, low-risk technologies to unnecessary pre-deployment requirements.

The Chamber recommends that policymakers limit these obligations to clearly defined high-risk applications and replace mandatory approval requirements with a risk-based assessment and documentation framework.

Introductions 2599 and 2603

The Chamber supports transparency, privacy protections, and efforts to prevent deceptive conduct. However, the chatbot and disclosure requirements contained in these bills may unintentionally apply to routine software functionality, ordinary business communications, and commonplace customer assistance tools.

Introductions 2600 and 2605

The Chamber opposes the proposed private right of action and whistleblower bounty framework. These provisions may encourage speculative litigation and increase costs without necessarily improving safety outcomes.

The Council should focus on clear safety standards, collaborative compliance between government and AI developers and users, and predictable enforcement mechanisms rather than creating overlapping litigation incentives.

Introductions 2601 and 504

The Chamber supports efforts to promote transparency regarding AI incidents and to address harmful deceptive deepfakes. However, reporting timelines should allow adequate time to verify facts and assess materiality. Any deepfake-related

requirements should be carefully tailored to target actual harms while avoiding unintended consequences.

Areas of General Support

The Chamber supports efforts to improve government preparedness and oversight, including emergency planning initiatives and protections for employees and contractors who make good-faith reports of legitimate public safety concerns. These initiatives can contribute to responsible AI governance when implemented through clear, practical, and workable frameworks.

Conclusion

The Chamber shares the Council's goal of ensuring that AI develops in a manner that protects consumers, strengthens public trust, and promotes accountability. The question is not whether AI should be governed, but whether the resulting framework is targeted, durable, and workable enough to protect against genuine risks while preserving innovation and economic opportunity.

The U.S. Chamber of Commerce appreciates the opportunity to submit this testimony and looks forward to continued engagement with the Council on these important issues.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Tomkowitz", is centered within a light gray rectangular box.

Jeff Tomkowitz
Senior Director
Chamber Technology Engagement Center
U.S. Chamber of Commerce