

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 4732

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: OCTOBER 2, 2026

SUMMARY

- Synopsis:** Requires artificial intelligence companion operators to provide notifications that users are not communicating with human.
- Type of Impact:** Annual State cost and revenue increases; annual local government cost increases.
- Agencies Affected:** The Judiciary, Department of Law and Public Safety, municipal courts.

Office of Legislative Services Estimate

| Fiscal Impact          | Annual        |
|------------------------|---------------|
| State Cost Increase    | Indeterminate |
| State Revenue Increase | Indeterminate |
| Local Cost Increase    | Indeterminate |

- The Office of Legislative Services (OLS) finds that the bill’s creation of a new civil offense would lead to an indeterminate increase in annual costs to the Judiciary and municipal courts as additional resources will likely have to be allocated for increases in civil caseload. The OLS lacks the informational basis to project how many individuals and businesses would violate the provisions of the bill in a given year and therefore cannot estimate the magnitude of the cost increases.
- The OLS notes that the State may receive indeterminate annual revenues from civil penalties of \$15,000 imposed for each violation; however, the State’s ability to collect fines has historically been limited.

BILL DESCRIPTION

This bill requires an operator of an artificial intelligence (AI) companion to provide clear and conspicuous notification to a user at the beginning of, and periodically throughout, any AI companion interaction that the user is not communicating with a human. The notification is to be provided either verbally or in writing. After the notification is provided at the beginning of the interaction, it is to be provided at least every three hours for continued AI companion interactions.

The bill provides that an operator found in violation of the provisions of the bill is to be subject to a civil penalty of \$15,000 for each violation. The Superior Court and municipal court will have jurisdiction over the proceedings. By statute, if a judgment for a civil penalty is rendered against a defendant, payment is to be made to the court and remitted to the Department of the Treasury.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS finds that the bill's creation of a new civil offense would lead to an indeterminate increase in annual costs to the Judiciary and municipal courts as additional resources will likely have to be allocated for increases in civil caseload. The OLS lacks the informational basis to project how many individuals and businesses would violate the provisions of the bill in a given year and therefore cannot estimate the magnitude of the cost increases. Under the bill, any operator that violates the provisions of this bill will be subject to a civil penalty of \$15,000 for each violation. The OLS finds that the State may collect indeterminate amounts in civil penalties; however, the OLS does not have sufficient information to gauge the estimated number of civil cases likely to be filed or the amount in penalties likely to be collected under the bill. Moreover, the State's ability to collect fines has historically been limited.

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                  *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).