LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5607
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: OCTOBER 27, 2026

SUMMARY

Synopsis: Establishes content and data privacy requirements for chatbot providers.

Type of Impact: Annual State expenditure and revenue increases; annual local expenditure increase.

Agencies Affected: Department of Law and Public Safety; Administrative Office of the Courts; municipal courts; Judiciary.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Municipal Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will cause indeterminate annual expenditure increases to the Department of Law and Public Safety, the Administrative Office of the Courts, the Superior Court, and the municipal courts from the workload created by additional civil cases.

- Annual State revenues will also increase by an indeterminate amount from civil penalty payments collected from chatbot providers found to have violated the bill's requirements.

- The OLS cannot quantify the fiscal impacts because of insufficient information on the number of civil cases that will be brought for alleged violations of the prohibitions established by the bill and the number of cases that will result in a penalty assessment.

BILL DESCRIPTION

This bill establishes content and data privacy requirements for chatbot providers and creates certain prohibitions concerning the processing, use, and retention of user data.

Under the bill, a chatbot is considered a product for the purposes of a product liability action, and a chatbot provider has a duty to ensure that the use of its chatbot does not cause injury to a user.

A chatbot provider that violates the bill's provisions would be liable for a civil penalty in the amount of $5,000 for each violation, with the Superior Court and municipal courts having jurisdiction over the proceedings. The Office of the Attorney General may also bring a civil action for injunctive relief against a chatbot provider. The bill also permits a chatbot user who has been harmed by a violation of the provisions of the bill to bring an action in the Superior Court against a chatbot provider. If the suit is successful, a chatbot user would be entitled to: (1) the greater of actual damages or $5,000 for each violation; and (2) reasonable attorney fees and court costs.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will cause indeterminate annual State expenditure and revenue increases.

Expenditure Increases: The bill will cause indeterminate annual expenditure increases to the Department of Law and Public Safety, the Administrative Office of the Courts, the Superior Court, and the municipal courts from the workload created by additional civil cases. The OLS cannot quantify the annual expenditure increases because of a lack of information on the number of cases that will be brought for alleged violations of certain chatbot provider prohibitions.

Revenue Increases: Additional indeterminate annual State revenue will accrue from any civil penalty payments received from violators of the new statutory provisions. The OLS has insufficient data to determine the number of civil cases that will result in a penalty being assessed and, by extension, the total amount of any resultant penalty assessments and collections by the State. The OLS additionally notes that some violators may not pay assessed penalties in full.

Section: *Law and Public Safety*

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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.).