May 4, 2026

TO: Members, Assembly Appropriations Committee

**SUBJECT: AB 1609 (ZBUR) CUSTOMER SERVICE CHATBOTS**
**OPPOSE – AS AMENDED APRIL 14, 2026**
**SCHEDULED FOR HEARING – MAY 6, 2026**

The California Chamber of Commerce and the undersigned respectfully **OPPOSE AB 1609 (Zbur)** as amended April 14, 2026, because it would impose significant requirements for human customer service support and communications by "large private businesses" using customer service chatbots or automated customer service systems. While some of the problems we have identified may still be the result of drafting issues, the end result is the same nonetheless: placing significant operational and compliance costs on businesses and impacting the quality of customer service as well as the cost of services.

To the extent that **AB 1609** still suggests that human customer service via telephone is paramount and preferable, we disagree. Due to security concerns, trying to handle account issues via phone is not always faster or more effective for users than online options. Verifying a caller's identification and their connection to an online account can require upload of documents, follow up communications, etc. Telephone customer service calls are frequently recorded which results in a great deal of highly sensitive personal information being stored in such recordings. That is, in fact, why a lot of companies have put a lot of resources into developing effective digital processes for resolving user issues in a safer and often quicker way.

To this end, we greatly appreciate that several issues we previously raised have been addressed by the April 14 amendments, including our concerns over the bill's application to both free and paid services, ambiguity around the requirement to provide live customer service from 8 a.m. to 6 p.m., the inclusion of smart speakers in the definition of customer service chatbots, unclear and burdensome disclosure requirements for informing consumers that chatbots are not human, and the overly narrow exemption for extraordinary or emergency situations. We also appreciate that the recent amendments attempt to at least partially address our overarching concern that the bill could introduce a significant new requirement that all covered businesses offer telephonic customer service. Unfortunately, this issue – and many others -- still requires further amendment to reach true resolution. With these new amendments in print, our coalition is working on possible ways to bridge some of the gaps that remain.

At a minimum, **AB 1609** needs to consider additional amendments to narrow the scope of the bill and address the arbitrary hold limits, further clarify that telephonic customer service is not mandated as the exclusive or required mechanism for providing human customer service and recognize alternative mechanisms for providing human customer service; preserve the ability for businesses to use automated systems and AI-powered support assistants to direct or address customer concerns prior to allowing customers to request escalation to a natural person; exclude exclusive employee and business-to-business lines; address the exceedingly high $10,000 per violation fines for isolated agent errors, and remove the requirement for rulemaking; and address various drafting issues. Most importantly, the bill must adopt amendments that better reflect the operational realties of customer service, the need for careful handling of sensitive or complex situations, and the human factors that influence service quality or wait times. Otherwise, implementing these mandates could harm both businesses and consumers by increasing costs, stressing employees, and compromising service, as further explained below.

For example, new or newer call center employee learning the ropes may require more time (longer interactions) and supervisor assistance – often translating into longer hold times for the customer. Similarly, language barriers or complex inquiries (or even confusing ones, such as where the caller is not necessarily even clear how to frame their inquiry), can take longer to handle and extend call duration, impacting the queue hold time. Rigid time requirements could inadvertently push employees to prioritize speed over care, reducing empathy and service quality – an outcome none of us want. However well intended, arbitrarily rigid mandates that apply uniformly across all industries could realistically harm businesses and consumers alike, by increasing costs, stressing employees, and compromising service. While the April 14 amendments have made some improvements on this front, for reasons discussed below, they too fall short of a fix.

**Amended timing mandates are less rigid than before but still concerning and vague as questions remain regarding how a business's "good faith effort" will be interpreted and applied in practice**

Rigid time limits can cause agents to rush to keep up with the artificial time pressures of a fixed compliance timeframe, increasing employee stress and the likelihood of errors, diminishing service quality, and heightening the potential for data security risks. These pressures are especially pronounced in complex cases where cumulative limits may lead to incomplete or inaccurate resolutions.

Thus, just from a feasibility, compliance, customer service, employee health, security and fraud prevention standpoint, rigid or even semi-rigid timeframes remain highly problematic for businesses. Recent amendments have now extended the 5-minute hold/ 10-minute cumulative hold time limits to 15-minutes / 1-hour limits, respectively. Also, recent amendments only require that businesses make a "good faith effort" to provide assistance within these timeframes in order to be deemed in compliance. While these changes reflect a meaningful improvement upon the prior version of the bill, they do not resolve or sufficiently address our ongoing feasibility, compliance, and operational considerations. implementation costs and operational risk.

Moreover, it remains unclear how the Attorney General might measure and audit the "good faith effort" of a business or its agents. Whether or not this is the best standard under the circumstances is something that we continue to assess as the bill is only newly amended.

Again, while longer timeframes may help reduce some of the costs and burdens of implementing **AB 1609**, timing mandates themselves remain unnecessary and ill-suited to the realities of customer service operations. Businesses have no incentive to extend hold times beyond what is necessary – they do not want dissatisfied customers at the end of the day. That is why many have started to employ features like call back services to keep customers from getting frustrated with long wait times. However, even such solutions require flexibility in execution. It is simply too difficult to enforce one-size-fits-all time limits across industries when there are so many variables that can impact wait times for any industry or business. A 15 minute / 1 hour hold time limit may work for some industries in some if not most cases; but it will not work in all cases let alone all industries.

Complex cases will invariably require more time to accurately verify the caller's identity, their legal authority, and supporting documentation. These processes are necessarily time-intensive and rushing them to comply with rigid timing requirements creates significant risks of fraud, unauthorized access, and irreparable financial harm. In sensitive or high stress situations, information may be incomplete or miscommunicated, requiring additional time or escalation to a supervisor. Some industries handle more sensitive information that should not necessarily be pushed onto telephonic customer service platforms as the first line of service, as a matter of public policy. Pressuring employees to meet strict timing standards in such cases increases the risk of fraud, unauthorized access, and financial harm while also contributing to employee stress and burnout.

In sum, while the extended timeframes and "good faith effort" standard represent meaningful improvement, questions remain regarding implementation and whether these changes fully address ongoing feasibility, compliance and operational considerations. We believe this can be improved via the inclusion of a safe harbor, as discussed further below. [*See* discussion on Statutory Penalties and Good Faith Standard, further below.]

**One size does not fit all – even as amended, scope remains an issue**

As a general matter, **AB 1609** has failed to recognize that businesses in different industries face unique operational challenges and regulatory constraints in meeting customer service needs. Some companies handle highly sensitive data subject to strict federal and/or state regulations; others may deal with emotionally challenging situations where immediate phone contact may not be appropriate and could in some cases cause significant distress for workers, requiring careful triage through technology and trained personnel. While the bill has made some progress in this regard, we still have concerns about this applying across all industries and scenarios and believe it may require further narrowing in scope.

We hope to provide the author with some proposals on how to narrow the scope, including proposals based on following concepts:

- Removing "prospective customers": Whereas prospective customers can discontinue the interaction and go to a competitor and do not require special protection, existing customers require support and can only obtain it from a single source. As such, priority for prompt human customer service should be given to existing customers and prospective customers should be removed from the definitions and scope of the bill.

- Narrowing scope to "residing customers": The bill's requirements should be more clearly limited to consumers "residing" in California, based on the account owner's billing address. That appears to be the intent, but additional clarity could be helpful here.

- Narrowing scope to circumstances requiring escalation and prompt human customer service: It is critical that the bill be limited to circumstances where the person is seeking *escalation* from automated systems and AI-powered support assistants to a human. Understanding that the objective appears to be not only access to human customer service, but also access within certain timeframes, we are also assessing whether further narrowing the circumstances in which prompt support would apply may help address the timing-related concerns outlined above.

**Telephonic vs online customer service platforms vs operators who provide goods and services through online platforms**

**AB 1609** provides different rules depending on whether a large business is a telephonic customer service platform or online customer service platform but fails to define either term. The former has requirements under Proposed Section 22627(b) and the latter under (c). Then under subdivision (d), there is yet another term introduced, "large business who provides goods and services to customers in California[1] through online platforms." Whether these are meant to be part of the same category as (c) is unclear, but we are hopeful these are drafting issues that can be addressed.

We appreciate that recent amendments attempted to address our concern that operators (now, large private businesses) "shall offer a telephonic customer service platform", as one of our major concerns is any suggestion that the outcome of **AB 1609** is for covered businesses to offer human customer service via telephone, and within the rigid timeframes specified, for all customer service needs, even for things that can be readily resolved by automated means today. This would be operationally infeasible for many businesses—or at minimum costly and burdensome. Any requirement that every business now offer a toll-free line could require significant expansion of call center capacity, potentially requiring substantial new staffing and infrastructure. If anything, businesses need the opposite of what the bill currently states – they need express assurance that the bill is not to be construed to require telephonic customer service.

As amended, this provision effectively now states, instead, that online platforms need only list their telephone number IF they have one. [*See* Proposed Section 22627(d); emphasis added.] However, as discussed further below, under a separate provision, the bill states that operators must allow customers to choose to communicate with a human customer service agent "by email, text, or phone" – again seemingly

[1] Redundant as "customers" are defined as natural persons residing in California.

suggesting that phone is one of the methods that is required to be provided for customer service, not only for telephonic customer service platforms, but for online operators as well, thus not fully addressing our overarching concern. [*See* Proposed Section 22627(a)(2)(D).]

We hope to better understand if the goal is merely to offer more than one mechanism to the consumer. This may be a more feasible outcome. But telephone cannot be a uniformly required mechanism: it is one thing to mandate human customer service; it is quite another to mandate telephone customer service.

Ultimately, it is important to provide sufficient flexibility in both the types of mechanisms by which businesses offer customer service to their customers, and the mechanisms by which they offer ***human*** customer service – from emails to secure online portals, in-app support, and even in person support, among other things. Indeed, many businesses hold physical locations open to meet customer service needs—and this also may mean that they have phone lines open but to subject them to 15-minute hold times for each location would be infeasible – and unreasonable – at peak hours if they only have a set number of employees handling in person customer service needs as well as calls. Good faith effort limitations only provide so much assurance under the threat of $10,000 fines for each violation.

**Absent further clarity, the bill may inadvertently create a functional call center mandate**

As amended, **AB 1609** now provides that during "the normal 10 hour period that comprises a large private business's regular business hours" that the business provide "consumers" who require customer assistance with their goods or services with a clear and conspicuous customer service feature that allows customers to contact a customer service agent – which, in relevant part, is defined as a natural person. During these times, a large private business must make a good faith effort to connect a person interacting with a customer service chatbot, or automated customer support system, to a customer service agent 15 minutes after a request for human customer service is made. [*See* Proposed Section 22627(a)(1).] If the "customer" requests a *customer service agent, the large private business must then do* all *of the following:*

(A) Provide a simple method for customers to request human assistance through online platforms.

(B) Provide the customer with an estimate of the time it will take to connect with a customer service agent.

(C) Allow the customer to choose to connect with the customer service agent as soon as feasible or to make an appointment to connect with the customer service agent at a later time.

(D) Allow the customer to choose whether to communicate with the customer service agent by text, email, or telephone. [*See* Proposed Section 22627(a)(2).]

First, and most important, the requirement that a business allow the customer to choose whether to communicate "by text, email, or telephone" could be interpreted to require all covered businesses to provide a telephone mechanism for customer service. And when combined with the timeline requirements, this may functionally require any covered business to open call centers on January 1, 2027, when the bill takes effect. This would be highly problematic for the reasons outlined in the section above, and would likely result in significant additional costs.

Second, the requirement to provide a simple method "through online platforms" and the requirement to allow the customer to choose whether to communicate "by text, email, or telephone" may create internal inconsistency.

Third, any flexibility built into this provision, including for different mechanisms by which a human customer service can be provided, are only at the election of the customer – not to accommodate different needs of different industries or businesses.

Fourth, while the 8 a.m. to 6 p.m. issue has been addressed with reference to "10 hour period", we are less clear as to what is meant by "the normal" 10 hour period and hope further clarity can be provided here.

**Excessive statutory penalties should be lowered and safe harbor needed for "good faith"**

We appreciate the clarity that there is no private right of action under this bill. This is critical to making any version of **AB 1609** workable.

While we had some initial questions on how pattern or practice might be interpreted in the prior version, removing (instead of clarifying) that standard has resulted in applying a $10,000 fine for each individual violation, including those that could arise from an isolated or inadvertent agent error.

At a minimum, we suggest that these should be calibrated to reflect good faith compliance efforts, including by reducing fines to $2,500 per violation for first violation, provided that the business has been given notice and opportunity to cure the violation. For subsequent violations, heightened penalties of $5,000 per violation would then be appropriate, but "each" violation should be based on systemic or repeated noncompliance, or facts demonstrating willful disregard, rather than isolated or inadvertent agent errors, particularly where the business is otherwise making a good faith effort to comply, and should not be assessed on a per customer, per-interaction, or per-call basis. Moreover, the bill should clearly provide that businesses that employ commercially reasonable and practicable practices in implementing compliance with Section 22627 shall be deemed to have made a good faith effort to comply.

**Additional clarity needed**

- Exclusive business lines: Sometimes employees are also customers and businesses offer them employee dedicated lines. By that same token, they have "customer" lines for business-to-business communications or government entities or nonprofits that are their customers. Lines that are exclusively used for those business purposes should not be subject to regulation.

- Preservation of automated systems: As a general matter, it is imperative to provide businesses some sort of protection for and/or clarity that they can continue to offer to address, and seek to address, customer concerns using automated systems/chatbots prior to connecting the consumer to a natural person for customer service via a human, if human assistance is appropriate. It is especially important to preserve the ability to automated systems, including AI-powered support assistants, to handle many complaints like those related to tech / account issues, but also to direct customers to the appropriate individual or individuals for assistance.

**Large private business**

As amended, various drafting issues or errors have been addressed. For example, the term "operator" has been replaced with "large private business," but in that process, that corresponding definition has also been expanded. Whereas an "operator" was previously defined an entity with over $500 million in gross revenue nationally that "makes a customer service chatbot available to a person in this state," the bill now applies to any business with over $500 million in gross revenue nationally that "offers goods or services to consumers." First, "consumer" is not defined; "customer" is. As such, the definition does establish a clear California nexus. Second, there is no limitation to businesses that use customer service chatbots. This has vastly expanded who a "large business" is, though we do not believe that to be the intent.

Again, without necessary fixes to this bill, **AB 1609** is going to impose substantial new costs to a broad range of California businesses. This is a serious concern given existing budget constraints and the impact this could have to the state's tax revenues. In addition, given the magnitude of cost for covered businesses, the Legislature should carefully consider the extent to which businesses may face significant financial strain if the newly imposed costs exceed their profit margins, the lay-offs of personnel that they may need to undertake in order to be able to afford to hire call center personnel, and the potential downstream impact to consumers who are already struggling with the high cost of living in the state.

For these reasons, absent such changes to the bill, we must respectfully **OPPOSE AB 1609 (Zbur).**

Sincerely,

Ronak Daylami
Vice President for Advocacy | Privacy, Cybersecurity & Emerging Technologies
on behalf of

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Association of California Life and Health Insurance Companies, Matthew Powers
California Association of Collectors, Inc., Cliff Berg
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