



June 23, 2026

TO: Members, Senate Judiciary Committee

**SUBJECT: AB 1609 (ZBUR) CUSTOMER SERVICE CHATBOTS
OPPOSE – AS AMENDED JUNE 10, 2026
SCHEDULED FOR HEARING – JUNE 30, 2026**

The California Chamber of Commerce and the undersigned respectfully **OPPOSE AB 1609 (Zbur)** as amended June 10, 2026, because it creates significantly onerous requirements for human customer service support by large businesses using customer service chatbots or telephonic automated customer service systems, resulting in significant operational and compliance costs while potentially diminishing service quality and increasing costs to consumers.

As previously noted, to the extent **AB 1609** suggests that telephonic customer service is inherently preferable to digital customer-service channels, we disagree. Account verification often requires documentation, follow-up communications, and additional security measures that may be handled more efficiently through digital support tools. As a result, many businesses have invested heavily in secure online support channels that can resolve customer issues efficiently, accurately, and safely.

We appreciate that the author continues to address concerns through several rounds of amendments, including revisions to liability provisions, clarification of certain operational requirements, removal of the Attorney General's regulatory authority, and language that is intended to clarify that businesses that do not offer telephonic customer service are not required to begin doing so.

However, despite our continued engagement, several requested amendments addressing key operational concerns have not been adopted. Most importantly, although the June 10 amendments were intended to clarify that businesses are not required to provide telephonic customer service, related provisions continue to create uncertainty regarding what customer-service methods satisfy the bill's requirements and when businesses qualify for the intended safe harbor. Similar problems have been created due to changes made to our requested "exclusive business lines" amendment and our requested clarification regarding how residency is established under the definition of "customer," as discussed further below.

At a minimum, **AB 1609** needs additional amendments to:

- Address the arbitrary time clocks and hold time-limits.
- Narrow the scope of the bill.
- Further clarify that telephonic customer service is not the exclusive or required mechanism for providing human customer support, and that businesses may provide human customer support through multiple channels—including telephone, live chat, messaging, email, and other digital tools, as well as in physical location.

- Preserve the ability of businesses to use automated systems and AI-powered support assistants to address customer concerns before escalation to a human agent is necessary.
- Properly exclude exclusive business-to-business lines.
- Clarify that residency of a customer is to be based on the account owner address.
- Fix the "good faith" safe harbor, further reduce statutory penalties as specified below, to ensure they are based on systemic or repeated noncompliance, or facts demonstrating willful disregard, rather than isolated or inadvertent agent errors.
- Clarify that outages, public safety power shutoff events, and similar circumstances still constitute unforeseen circumstances beyond a business's reasonable control.
- Clarify that the 15-minute requirement is satisfied upon connection to any live representative or only to a qualified representative capable of resolving the issue, and that deferred options such as callbacks or scheduled appointments satisfy the requirement.
- Address drafting issues and align terminology including "customer service chatbot", "online chatbot customer service platform," "telephonic automated customer support system," "large private business," "customer," "consumer" and "operator."

Most importantly, the bill must adopt amendments that better reflect the operational realities 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.

Customer service operations also frequently require prioritization of urgent or high-risk matters over routine inquiries. Rigid time requirements could inadvertently push employees to prioritize speed over care, reducing empathy and service quality. More importantly, they can not only increase costs, stress employees, and compromise service, but they can reduce a business's ability to triage customer contacts based on urgency, safety considerations, fraud concerns, or other operational factors. Many industries—including utilities and other providers of critical services—must retain flexibility to prioritize emergency and safety-related communications over routine inquiries.

Thus, however well intentioned, arbitrarily rigid timing mandates that apply uniformly across all industries could realistically harm businesses and consumers alike.

Concerns with June 10 amendments

- Telephonic customer service mandate issue: We appreciate that the June 10 amendments remove the provision that could have been interpreted as creating a telephonic customer service mandate for online platforms [see former Proposed Section 22627(c)], but remain concerned that other clarifying amendments we requested have not been incorporated into provisions that could still be interpreted as implying such a requirement, inconsistent with our understanding that the author does not intend to create a telephonic customer service mandate for businesses that do not offer telephonic customer service. Additional explanation for this is offered on this below.
- Definitions: We appreciate the acceptance of our amendment requests to define the terms "*online customer service platforms*", "*regular business hours*" and "*telephonic customer service platforms*" as reflected in the June 10 amendments. We also appreciate reframing the general obligation in Proposed Section 22627 from "During the normal 10-hour period that comprises a large private business's regular business hours" to "For at least a 10-hour period during a large private business's regular business hours". "Normal" was unclear, and this change also avoids the need for AG regulations. That said, there are several issues here:
 - (1) The definition of "online customer service platform" no longer appears relevant because the provision to which it related has been deleted. We appreciate the deletion of that provision [former Proposed Section 22627(c), per above]; however, it is unclear why the definition was retained.

Instead, the June 10 amendments introduced a new undefined term—"online chatbot customer service platform"—in Proposed Section 22627(b). That term does not align with the terminology used in Proposed Section 22627(a), which refers to a "customer service chatbot" and a "telephonic automated customer support system" (also a new and undefined term).

And while the June 10 amendments adopted a provision stating that "this chapter does not require an operator who, as of January 1, 2026, does not utilize any telephonic customer services to customers, to provide telephonic customer service provided that the operator offers customer service methods by which the customer may promptly connect with a customer service agent consistent with this section," the protection afforded by that language has been substantially narrowed because related amendments necessary to define the available customer-service channels and clarify the applicable requirements were not adopted. In addition, the terminology in this paragraph ("operator who...does not utilize any telephonic customer services") no longer aligns with the obligations imposed throughout the bill, which now refers to "large businesses" in subdivision(a); "online chatbot customer service platforms" in subdivision(b); and "telephonic customer service platforms" in subdivision(c).

As a result, it remains unclear what customer-service methods satisfy the requirement that a business provide customer service methods "consistent with this section" in order to qualify for the intended safe harbor. This undermines the certainty the provision was intended to provide. Additional clarification is needed before these provisions can be implemented consistently. Again, businesses should have flexibility to satisfy the bill through multiple human-support channels rather than being steered toward any single method of communication.

(2) We also had requested amendments here to add prerequisites that the customer require "prompt" assistance and that requirements apply only "if a customer service chatbot is unable to address the customer's concerns" before the business's obligations are triggered. This would reinforce that automated tools may be used first to address concerns, with escalation requirements applying only when human assistance is necessary. With the June 10 amendment seemingly expanding the bill beyond large businesses using customer service chatbots to large businesses using "telephonic automated customer support system"—another, undefined term—additional amendments appear necessary to address that expanded scope.

- **"Customer"/Residency:** The amendment added to "customer" is not the clarity requested per our "May 1" amendment request, which was to establish residency based on the *account owner's* address. Establishing residency based on the account holder's address provides a clear and administrable standard. Without that clarification, businesses may be forced to determine a caller's residency on a case-by-case basis using their precise location in order to know whether **AB 1609** applies. Determining how residency is established is one of the amendments that would also eliminate the need for AG regulations.
- **Liability/Good faith:** We appreciate progress made on some of the liability provisions and the deletion of the Attorney General regulatory authority, but again, changes have been made to our requested amendments, both in terms of the liability amounts and the "good faith" standard.

The use of "commercially reasonable and practicable standards" provides an objective, familiar, and administrable benchmark for evaluating good-faith compliance efforts. Adding an additional inquiry into whether standards were "designed and intended" to achieve compliance introduces ambiguity without changing the substantive obligation. A court would be required to examine not only whether the standards themselves were commercially reasonable and practicable, but also whether they were sufficiently "designed" and "intended" to achieve compliance. This invites unnecessary disputes regarding subjective intent and undermines the certainty that the provision is intended to provide.

The bill should be amended to retain an objective good faith standard based on *commercially reasonable and practicable* compliance measures, removing the added phrase "designed and intended to achieve compliance" which creates uncertainty regarding what additional showing may be required and undermines the certainty that the safe harbor is intended to provide.

Additionally, while we appreciate that the June 10 amendments reflect a tiered approach to penalties as we suggested in our prior letter—the caps are both higher than we suggested and other important features limiting liability exposure were conspicuously missing from the newest version of the bill.

Once again, we suggest 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.

- **Unforeseen circumstances:** Several amendments that are significant to our members have not been adopted, and it is unclear why, as they appear entirely consistent with the author’s stated intent while providing important clarity and assurance for businesses facing potentially significant liability exposure.

These include, for example, the clarifying amendment that “unforeseen circumstances beyond [a business’s] reasonable control”, include, but are not limited to, information technology or telecom outages, statewide or local grid emergencies, or public safety power shutoff events. This clarification is consistent with language that previously appeared in the bill before being replaced by the broader exemption.

As currently drafted, it remains unclear whether events such as network outages, cybersecurity incidents, severe weather events, and public safety power shutoff events are intended to qualify as circumstances beyond a business’s reasonable control. We are simply seeking assurance that the deletion of these specific examples from a prior iteration of the bill was not intended to exclude PSPS events or similar circumstances from the category of “unforeseen circumstances beyond a business’s reasonable control.”

Large private business and other drafting issues

As amended, various drafting issues warrant attention. For example, the term “operator” has been replaced with “large private business,” but it still appears in a couple places recently added. Also, the corresponding definition for large private business remains overly expansive. 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.

Interaction of subdivisions (a), (b), and (c) remains unclear

Even setting aside the broader scope changes made throughout the amendment process, significant ambiguity remains regarding how Proposed Sections 22627(a), (b), and (c) are intended to operate together.

Subdivision (a) requires a “large private business” to make a good-faith effort to connect a person interacting with a customer service chatbot or telephonic automated customer support system to a customer service agent within 15 minutes of a request for human assistance. Subdivision (b), however, appears to provide additional flexibility by allowing “online chatbot customer service platforms” to offer scheduled appointments with customer service agents in lieu of immediate connection. Subdivision (c) separately imposes requirements on “telephonic customer service platforms” using a different timing standard (“promptly”) and additional hold-time limitations.

As drafted, it is unclear how these provisions interact, how the various defined and undefined terms relate to one another, and which timing requirements apply when a business falls within more than one category. These ambiguities create significant compliance and enforcement uncertainty and should be clarified before the bill moves forward.

It is also unclear when the 15-minute requirement is satisfied—whether upon connection to any live representative or only upon connection to an appropriately skilled representative (such as a fraud, technical support, or language specialist) capable of addressing the customer's issue. Without clarification, businesses may be required to treat an initial transfer to any available agent as compliance, even where additional transfers are necessary to resolve the matter.

Similarly, clarification is needed regarding how cumulative hold-time requirements apply in situations where an issue cannot reasonably be resolved within the prescribed timeframe. In some cases, structured alternatives such as scheduled or deferred callbacks may be necessary to ensure accurate resolution, appropriate verification, and escalation to properly trained personnel. It is unclear whether and under what conditions such approaches would satisfy the bill's requirements.

“One size does not fit all”: timing mandates may appear less rigid but still vague and problematic

As noted above, rigid time limits can pressure agents to prioritize speed over accuracy, increasing employee stress, the likelihood of errors, and potential data-security risks while diminishing service quality. The bill's timing requirements may also constrain businesses' ability to triage customer contacts based on urgency, safety concerns, fraud risks, and other operational priorities.

Even with the June 10 amendments, **AB 1609** continues to impose timing requirements that may not reflect the realities of customer-service operations across industries. Wait times are affected by factors such as call volume, emergency events, fraud-prevention measures, staffing needs, and the complexity of individual inquiries. A one-size-fits-all timing framework risks reducing flexibility and undermining service quality without necessarily improving consumer outcomes.

While the extended timeframes and “good faith effort” standard represent meaningful improvements, questions remain regarding implementation and whether these changes adequately address operational and compliance concerns. Accordingly, the “commercially reasonable and practicable” safe-harbor language and related liability revisions discussed above remain critical.

More fundamentally, **AB 1609** continues to apply a largely uniform customer-service framework across industries with very different operational realities and regulatory obligations. Some companies handle highly sensitive data subject to strict federal and state requirements, while others manage situations that require careful triage through technology and specially trained personnel. Although the bill has made progress in recognizing these differences, additional narrowing of its scope remains necessary.

Scope

We continue to urge the author to narrow the scope of the bill to better reflect the realities of different industries and customer-service models. While this does not resolve all issues, we suggest at minimum some changes based on the following concepts:

- **Removing "prospective customers":** Existing customers often require account-specific assistance that can only be provided by the business with which they already have a relationship. Prospective customers, by contrast, generally have alternative sources for information and services. Prioritizing existing customers would better align the bill's requirements with situations where prompt human assistance is most critical.
- **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.
- Clarifying that deferred human-support options satisfy compliance: while the June 10 amendments made progress by working in these concepts, we would like to both see the time frames get extended (e.g. we asked for 48 hours) and make clear that offering customers reasonable mechanisms such as callbacks, scheduled appointments, or other deferred connection options to a live agent satisfies any requirement to provide access to human customer service. Absent this clarification, businesses may be forced to staff for peak demand conditions at all times, reducing operational flexibility without improving customer outcomes.

Collectively, these changes would better target the bill to the circumstances it is intended to address while reducing unnecessary compliance burdens and operational disruption for businesses and consumers alike.

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.

The principal concern is not employee lines, but lines used exclusively for business-to-business, governmental, or nonprofit customer relationships. While amendments were taken, presumably to address our concerns, the definition of “exclusive business lines” was changed in such a way that it no longer serves its purpose.

- Preservation of automated systems: The bill should clearly preserve the ability of businesses to use automated systems, including AI-powered support assistants, to resolve customer concerns before escalation to a human agent becomes necessary. 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.

Absent these changes, **AB 1609** will impose substantial new compliance and operational costs on a broad range of California businesses while creating uncertainty regarding implementation, enforcement, and liability. Those costs are likely to be borne not only by businesses, but ultimately by consumers as well. For these reasons, we must respectfully **OPPOSE AB 1609 (Zbur)**.

Sincerely,



Ronak Daylami

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on behalf of

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