

Date of Hearing: April 14, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 2155 (Aguiar-Curry) – As Introduced February 18, 2026

PROPOSED CONSENT

SUBJECT: ARBITRATION: VALIDITY OF AGREEMENTS TO ARBITRATE

KEY ISSUE: SHOULD CALIFORNIA LAW ALIGN WITH FEDERAL LAW AND INCORPORATE FEDERAL LAW'S EXEMPTIONS TO THE FEDERAL ARBITRATION ACT BY REFERENCE?

SYNOPSIS

The Federal Arbitration Act (FAA) and California Arbitration Act (CAA) work in tandem to provide guidelines and procedures for the enforcement of arbitration contracts in California. While courts have generally interpreted statutes to encourage arbitration agreements and both federal and state law are interpreted broadly to support their use, federal law has a number of exemptions to the FAA under which parties to a dispute cannot be compelled to arbitrate the claim. In particular, contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce, as well as parties alleging a claim of sexual assault or harassment are exempted from the FAA. Despite these statutory provisions, it seems that California courts have regularly compelled arbitration for claims that should have been allowed to proceed in court. This bill seeks to clarify any ambiguity and explicitly assert that an arbitration claim that is unenforceable under the FAA is likewise unenforceable under the California Arbitration Act.

This bill is sponsored by the California Employment Lawyers Association (CELA) and Equal Rights Advocates. It is additionally supported by a broad coalition of civil rights advocates, labor and employment organizations, labor unions, and nonprofit organizations. There is no known opposition.

SUMMARY: Clarifies that an arbitration agreement is unenforceable to the extent federal law would render the agreement unenforceable. Specifically, **this bill:**

- 1) Makes the following findings and declarations:
 - a) The Legislature finds and declares that it is the policy of this state to ensure that all persons have the full benefit of the rights, forums, and procedures established under state law;
 - b) It is the purpose of this act to incorporate into the California Arbitration Act any and all exclusions under the Federal Arbitration Act including contracts of employments of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce, and the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act of 2021, including claims that relate to a sexual harassment dispute or sexual assault dispute.

- 2) Notwithstanding existing law, makes a written agreement to submit to arbitration unenforceable to the extent the agreement is not enforceable under the Federal Arbitration Act.

EXISTING LAW:

- 1) Establishes the Federal Arbitration Act (FAA), which provides that a written provision in any maritime transaction or a contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of such contract or transaction, or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of such a contract, transaction, or refusal, shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract. (9 U.S.C. Section 2.)
- 2) Establishes the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act of 2021 which, in relevant part makes a predispute arbitration agreement or predispute joint-action waiver invalid and unenforceable with respect to a case which is filed under Federal, Tribal, or State law and related to the sexual assault dispute or the sexual harassment dispute, at the election of the person alleging conduct constituting a sexual harassment dispute or sexual assault dispute, or their named representative in a collective action. (9 U.S.C. Section 401 *et seq.*)
- 3) Exempts contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce from the Federal Arbitration Act. (9 U.S.C. Section 1.)
- 4) Establishes the California Arbitration Act (CAA), which governs arbitrations in California, including the enforcement of arbitration agreements, rules for neutral arbitrators, the conduct of arbitration proceedings, and the enforcement of arbitration awards. (Code of Civil Procedure Section 1280 *et seq.* Unless otherwise specified all future references are to the Code of Civil Procedure.)

FISCAL EFFECT: As currently in print this bill is keyed non-fiscal.

COMMENTS: Arbitration is a method of alternative dispute resolution that allows parties to a contract to have their issues heard by a neutral third party, rather than a judge. This third party, or arbitrator, issues a binding decision that is rarely appealable. The theory supporting the process of arbitration is that it can provide a swifter, less financially burdensome process to formal litigation that simultaneously eases burdens on the court system, and both federal and state law aim to encourage its use. Arbitration agreements are ubiquitous in business and employment contracts, and while the alternative proceedings do theoretically provide a more efficient method to resolving conflicts, the modern practice of arbitration comes with a litany of potential pitfalls that overwhelmingly impact consumers and employees.

In both consumer and employment contexts, the party offering a contract – namely the provider of a service or goods or the employer – will also opt to include an arbitration agreement in those contracts. While California law theoretically prohibits employers from *conditioning* employment on an applicant’s acceptance of an arbitration agreement, there are two key facts limiting the impact of this statutory protection: first, the statute prohibiting such behavior is currently enjoined by the Ninth Circuit based on the court’s determination that it is preempted by the

Federal Arbitration Act (FAA or Act); second, even assuming the validity of the statutory prohibition, its effectiveness would be contingent on applicants and employees actively declining such agreements. Nothing in the law prohibits employers from relying on applicants and employees lack of knowledge regarding their workplace rights when entering into an employment contract.

Arbitration can pose significant difficulties for the party forced to adjudicate its claims outside of court. Existing law permits arbitration agreements to contain limits on evidence presented and the claims that can be considered. The arbitration agreement will lay out the procedures that will be followed during the arbitration hearing. For example, the terms of the arbitration agreement may stipulate that the award need not be written or justified, unlike in court, and that the entire process is secret. Arbitrators do not need to be lawyers, nor do they need to be trained in the law. Arbitrators who issue favorable awards to a particular company can be repeatedly hired by that same company to serve as the arbitration-neutral without ever notifying the public about that award-history. Essentially, it's easy to predict the calls if you can hire the umpire. Arbitration can also save employers and providers of consumer goods and services significant time and costs when compared to court, thus there is little question why the more powerful signatory to a contract would demand arbitration.

Perhaps in recognition of some of the challenges that a party forced into arbitration may face, federal law has incorporated various exemptions to compliance with the FAA. One such exemption, which has been in statute for nearly 80 years, excludes contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce. (9 U.S.C. Section 1.) Additionally, Title 9 Section 402 of the United States Code also makes an agreement to arbitrate invalid and unenforceable if a person subject to the agreement is alleging conduct that constitutes sexual harassment or sexual assault, and they decline to arbitrate the claim.

Despite the fact that these two exemptions apply to every relevant contract throughout the country, it seems that the absence of an equivalent California statute has led to some courts requiring that parties arbitrate their claims, even when they fall under the scope of these exemptions. The sponsors point to a number of instances where, despite the relevant federal exemption, courts have compelled parties attempting to bring a claim in civil court to instead arbitrate their disputes. (See *Doe v. Los Alamitos Medical Center, Inc.* No. G063959, 2025, and *Casey v. D.R. Horton* (108 Cal. App. 5th 575 (2025).) According to the author:

AB 2155 will align California law with federal law by incorporating federal exemptions into the California Arbitration Act. Right now, federal law (The Federal Arbitration Act) already recognizes important exemptions to forced arbitration — including for sexual harassment and sexual assault claims, and for certain transportation workers engaged in interstate commerce. However, California law does not clearly mirror those protections. As a result, workers may still be forced into arbitration under state law, even in situations where Congress has determined that access to a public court is essential to ensuring accountability and meaningful enforcement of workplace rights.

AB 2155 brings our state arbitration law into alignment with existing federal safeguards. By closing that statutory gap, the bill makes clear that when federal law preserves a worker's right to seek justice in court, California law will not undermine it — helping ensure fairness, consistency, and real accountability in the enforcement of workplace rights.

This bill simply clarifies that an arbitration agreement is unenforceable under the California Arbitration Act if it is unenforceable under the Federal Arbitration Act. In practice, federal law applies in California and does not need to be specified in statute. If that were the case, California code books would consume entire forests' worth of paper. However, where the interaction between federal and state law may be unclear, such as is apparently the case for some courts in applying federal arbitration law to claims arising in California, explicit clarification may be warranted. To the extent such clarification is helpful in ensuring parties who would otherwise be subject to arbitration can bring their claim in civil court, this bill seems a reasonable and common sense way to do so. This measure seems particularly impactful to the extent clarification could help ease the way for claimants seeking redress for sexual assault or harassment.

ARGUMENTS IN SUPPORT: This bill is sponsored by the California Employment Lawyers Association (CELA) and Equal Rights Advocates. It is further supported by a broad coalition of civil rights advocates, labor and employment organizations, labor unions, and nonprofit organizations. It is further supported by Church State Council and Kapor Center Advocacy. In support of the bill the sponsors submit:

The California Employment Lawyers Association (“CELA”) and Equal Rights Advocates (“ERA”) are proud to sponsor AB 2155, which would end the practice of forcing workers to surrender their right to seek justice for sexual harassment or sexual assault and would prohibit employers from compelling arbitration for seamen, railroad employees, and other workers engaged in foreign or interstate commerce. By doing so, the bill strengthens workers’ rights and ensures access to the courts for those who have been harmed, while also ensuring clarity for employers by aligning California and federal law.

Forced arbitration is one of the biggest barriers workers face when they are seeking access to justice. More than half of America’s workforce find that, in order to get or keep their jobs, they are forced to sign paperwork that waive important rights, including the ability to access the court system or the Labor Commissioner’s Office to bring a claim against their employer, notwithstanding California’s public policy to the contrary. Instead, employees are often forced into arbitration, a private and secret forum that is stacked against them.

Under federal law, the Federal Arbitration Act (FAA) governs arbitration provisions in contracts that involve interstate commerce. 9 U.S.C. § 2. The FAA holds arbitration agreements to be valid and enforceable according to their terms except upon grounds for contract termination in law or equity, establishing a federal policy favoring arbitration. *Id.* Two notable exemptions from compelled arbitration exist: “contracts of employment of seamen, railroad employees, and other workers engaged in foreign or interstate commerce” and claims involving sexual assault or sexual harassment. 9 U.S.C. § 1, 9 U.S.C. § 402.

The California Arbitration Act (CAA) has nearly identical language as the FAA regarding the enforceability of arbitration agreements; however, the CAA does not include the same exceptions as the FAA. As a result, employers are currently trying to force workers into arbitration under the CAA even though they cannot be compelled to arbitration under the FAA. California law should be stronger, not weaker, than federal law when it comes to preserving and protecting workers’ ability to enforce their rights in court.

REGISTERED SUPPORT / OPPOSITION:

Support

California Employment Lawyers Association (co-sponsor)
Equal Rights Advocates (co-sponsor)
Asian Americans Advancing Justice Southern California
Asian Law Caucus
Ben Tzedek Legal Services
CA Commission of the Status of Women and Girls
California Domestic Workers Coalition
California Federation of Labor Unions
California Rural Legal Assistance Foundation
California Women's Law Center
California Work & Family Coalition
Californians for Safety and Justice (CSJ)
CCWRO
Church State Council
Courage California
End Child Poverty CA
Indivisible Ca: Statestrong
Kapor Center Advocacy
Legal Aid At Work
Loyola Law School, the Sunita Jain Anti-trafficking Initiative
National Council of Jewish Women-California
National Employment Law Project
Teamsters California
Techequity Action
The Women's Foundation California
WorkSafe

Opposition

None on file

Analysis Prepared by: Manuela Boucher-de la Cadena / JUD. / (916) 319-2334