

**First Regular Session
Seventy-Seventh General Assembly
STATE OF SAN ANDREAS**

REVISED

LLS NO. 26-0737.03 Gabby Pizzola x2917

HOUSE BILL 26-032

SENATE SPONSORSHIP

Daugherty

HOUSE SPONSORSHIP

Gomes, Cardenas

House Committees

Judiciary

Senate Committees

Justice, Public Safety & Constitutional Affairs

A BILL FOR AN ACT

CONCERNING THE LIMITATION OF MANDATORY ARBITRATION AGREEMENTS, AND, IN
CONNECTION THEREWITH, ENSURING ACCESS TO THE COURTS FOR DISPUTE
RESOLUTION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <https://saleg.uscgov.com>)

This bill limits the use of mandatory pre-dispute arbitration agreements in employment, consumer, housing, and financial service contracts. The bill provides that such agreements are void and unenforceable when imposed as a condition of employment, service, or access to housing.

Shading denotes HOUSE amendment. Underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

The bill permits arbitration only where all parties voluntarily agree after a dispute arises or in limited commercial circumstances involving parties of comparable bargaining power. The bill preserves the right of individuals to bring actions in court, participate in class actions, and seek judicial remedies. The bill also establishes disclosure requirements for permissible arbitration agreements and authorizes enforcement by the attorney general and private parties.

1 *Be it enacted by the General Assembly of the State of San*
2 *Andreas:*
3 **SECTION 1. SHORT TITLE.** This act shall be known and may
4 be cited as the “Fair Access to Courts Act.” **SECTION 2.**
5 **LEGISLATIVE DECLARATION.** The general assembly hereby
6 finds and declares that: (a) Mandatory arbitration agreements are
7 frequently imposed in employment and consumer contracts as a
8 condition of participation, including through standardized or
9 adhesion contracts; (b) Such agreements often limit access to the
10 courts and reduce transparency, limit public accountability, and
11 restrict the development of legal precedent in dispute resolution;
12 (c) Individuals should retain meaningful access to a judicial forum
13 for the resolution of disputes; and (d) It is therefore necessary to
14 ~~limit the use of mandatory arbitration~~ **ERADICATE COERCIVE**
15 **PRIVATIZED JUSTICE SYSTEM INTERFERENCES** and
16 ensure that arbitration is used only when knowingly and
17 voluntarily agreed to, free from coercion, misrepresentation, or
18 unequal bargaining pressure. **SECTION 3. DEFINITIONS.** For
19 the purposes of this act, unless the context otherwise requires: (a)
20 “Arbitration agreement” means an agreement requiring a dispute
21 to be resolved by arbitration rather than in a court of law,
22 including any clause that limits participation in class or collective
23 proceedings. (b) “Pre-dispute arbitration agreement” means any
24 arbitration agreement entered into before a dispute arises. (c)
25 “Covered contract”, whether written, electronic, or implied,

1 including any modification, renewal, or extension thereof, means
2 any agreement involving: (I) Employment; (II) Consumer goods
3 or services; (III) Housing or tenancy; or (IV) ~~Insurance or~~
4 ~~financial services~~ INSURANCE SERVICES, including banking,
5 lending, credit, and investment services. (d) “Post-dispute
6 arbitration” means arbitration agreed to by all parties after a
7 dispute has arisen. (e) ‘Knowing and voluntary’ means assent
8 given with clear understanding of the rights waived and without
9 material imbalance in bargaining power. (f) ‘Adhesion contract’
10 means a standardized contract drafted by one party and presented
11 to the other on a take-it-or-leave-it basis without a meaningful
12 opportunity to negotiate. **SECTION 4. PROHIBITION ON**
13 **PRE-DISPUTE ARBITRATION.** (a) A person or entity shall not
14 directly or indirectly require a pre-dispute arbitration agreement
15 as a condition of: (I) Employment or continued employment,
16 including as a condition of promotion, compensation, or receipt of
17 benefits; (II) The purchase or use of consumer goods or services,
18 including through clickwrap or browsewrap agreements; (III)
19 Access to housing or rental agreements; (IV) Access to financial
20 or insurance services; or (V) The continued use of a digital
21 platform, application, or online service. ~~(b) Any pre-dispute~~
22 ~~arbitration agreement entered into in violation of this section is~~
23 ~~void and unenforceable, and shall not be severable from the~~
24 ~~remainder of the contract where such agreement was a material~~
25 ~~term as contrary to public policy, and any dispute arising under~~
26 ~~such contract shall be adjudicated in a court of competent~~
27 ~~jurisdiction.~~ (b) Commercial Dispute Exception.
28 NOTWITHSTANDING ANY OTHER PROVISION OF THIS
29 ACT, PRE-DISPUTE ARBITRATION AGREEMENTS
30 REMAIN VALID AND ENFORCEABLE IN ALL
31 CONTRACTS VALUED AT OVER ONE MILLION DOLLARS,
32 REGARDLESS OF THE RELATIVE BARGAINING POWER
33 OF THE PARTIES. (c) Criminal Penalties. Any corporate officer

1 who knowingly includes a prohibited pre-dispute arbitration
2 clause in a consumer or employment contract commits a class 2
3 misdemeanor. **SECTION 5. PERMITTED ARBITRATION.** (a)
4 Arbitration may be used only where all parties voluntarily agree
5 after a dispute has arisen, and such agreement shall be revocable
6 by any party within ~~seven~~ FOURTEEN days of execution. (b)
7 Arbitration may also be used in disputes between commercial
8 entities of comparable bargaining power as demonstrated by the
9 totality of the circumstances, where the agreement: (I) Is
10 individually negotiated, and not presented on a take-it-or-leave-it
11 basis; (II) Clearly discloses the waiver of the right to a judicial
12 forum; and (III) Provides for a neutral arbitrator, not compensated
13 by the corporate entity, or person(s) hired from the corporate
14 entity seeking arbitration, and reasonable discovery procedures.
15 (c) This section does not apply where arbitration is required by
16 federal law, including where preemption applies under the Federal
17 Arbitration Act. (d) Nothing in this section shall be construed to
18 permit arbitration agreements that waive substantive statutory
19 rights. **SECTION 6. PRESERVATION OF COURT ACCESS.** (a)
20 Any person subject to an agreement prohibited under this act
21 retains the right to: (I) Bring an action in a court of competent
22 jurisdiction, notwithstanding any agreement to the contrary; (II)
23 Participate in a class or collective action as otherwise permitted
24 by law, and no agreement may waive such participation prior to
25 the existence of a dispute; and (III) Seek public injunctive relief
26 where authorized by law (b) Any waiver of rights described in this
27 section is void and unenforceable, and any such provision shall be
28 severed in favor of preserving court access. (c) Any ambiguity in
29 an agreement shall be construed in favor of access to a judicial
30 forum. (d) Courts shall resolve any doubts concerning the
31 enforceability of arbitration agreements in favor of permitting
32 access to judicial proceedings. (e) Class Action Rights. The right
33 to participate in a class or collective action is an inalienable right.

1 any waiver of class action participation in any dispute resolution
2 forum is null, void, and unenforceable, without exception.
3 **SECTION 7. DISCLOSURE REQUIREMENTS.** (a) Any
4 arbitration agreement permitted under this act shall: (I) Be in
5 writing, signed or explicitly electronically affirmed by all parties;
6 (II) Be clear and conspicuous, in at least ~~twelve-point font~~
7 FOURTEEN-POINT FONT, or its digital equivalent; (III) State
8 that arbitration is voluntary and not required as a condition of
9 service or employment; and ~~(IV) Be provided in the primary~~
10 ~~language of the party against whom enforcement is sought, where~~
11 ~~reasonably practicable.~~ (IV) BE PROVIDED IN THE PRIMARY
12 LANGUAGE SPOKEN BY THE CONSUMER OR
13 EMPLOYEE. (b) Failure to comply with this section renders the
14 agreement unenforceable. (c) The party seeking to enforce an
15 arbitration agreement shall bear the burden of proving compliance
16 with this section. **SECTION 8. ENFORCEMENT.** (a) The
17 attorney general, including through civil penalties not to exceed
18 ~~\$10,000~~ \$5,000 per violation, may bring an action to enforce this
19 act. (b) A person aggrieved by a violation of this act may bring a
20 civil action, individually or as part of a class or collective action,
21 for: (I) Declaratory or injunctive relief; (II) Actual damages,
22 including statutory damages of not less than ~~\$1,000~~ \$2,500 per
23 violation; and (III) Reasonable attorney fees and court costs. ~~(e) A~~
24 ~~prevailing plaintiff shall be entitled to reasonable attorney fees~~
25 ~~and costs, and a prevailing defendant may recover such fees only~~
26 ~~where the action was frivolous or brought in bad faith.~~ (c)
27 Bilateral Attorney Fees. IN ANY CIVIL ACTION BROUGHT
28 UNDER THIS ACT, THE PREVAILING PARTY SHALL BE
29 ENTITLED TO REASONABLE ATTORNEY FEES AND
30 COSTS, REGARDLESS OF WHETHER THE PLAINTIFF
31 BROUGHT THE CLAIM IN GOOD FAITH. **SECTION 9.**
32 **SEVERABILITY.** If any provision of this act or its application to
33 any person or circumstance is held invalid, such invalidity does

1 not affect other provisions of the act that can be given effect
2 without the invalid provision or application. **SECTION 10.**
3 **EFFECTIVE DATE.** Act subject to petition – effective date. This
4 act takes effect on August 18, 2026, assuming the general
5 assembly adjourns sine die on May 18, 2026; except that, if a veto
6 petition is filed pursuant to Article II, Section 15 of the state
7 constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part will not take
9 effect unless approved by the people at the general election to be
10 held in November 2026 and, in such case, will take effect on the
11 date of the official declaration of the vote thereon by the governor.