



October 6, 2026

**The Honorable Thomas Umberg**  
**Senator, 34th District**  
**State Capitol**  
**Sacramento, CA 95814**

**RE: Senate Bill 22, The Fair Arbitration Enforcement Act - Oppose Unless Amended**

Dear Senator Umberg, Chair Arreguín, Vice Chair Niello, and Members of the Senate Committee on Business, Law, and Health,

On behalf of our member employers, the California Chamber of Commerce respectfully opposes Senate Bill 22 unless it is amended. CalChamber is the voice of California's job creators, from small family businesses to the state's largest employers, and our members are committed to resolving workplace and customer disputes fairly. Arbitration is a faster, less costly way to do that for employers and employees alike. As drafted, SB 22 imposes an inflexible zero-tolerance standard: a single late fee payment, even one resulting from an honest administrative error, would immediately strip a business of that option without any opportunity to cure. Such a disproportionate penalty will ultimately push more avoidable disputes into already crowded courts.

Specifically, CalChamber asks that SB 22 be amended to address the following:

**Eliminate strict liability for honest mistakes:**

Section 2(a) applies "*regardless of whether the failure to pay by the due date was willful, negligent, inadvertent, or otherwise excusable.*" As the California Supreme Court recently pointed out, the legal system should distinguish between an accidental delay and intentional misconduct, but SB 22 completely strips away that flexibility. A misrouted check, a mail delay, or a system glitch in an accounting department would carry the same consequence as an intentional delay. For the many small California businesses that do not have their own legal teams, this places an unfair burden on them, one they cannot afford to carry. A missed deadline should not be treated the same as a deliberate stall, and the bill should be amended so that an accidental failure to pay, once fixed, does not trigger an automatic default.

**Provide a safe harbor to cure:**

Section 2(b) blocks standard legal defenses such as fixing the mistake later or showing that no one was harmed, meaning a business could lose its right to arbitration over a fee paid just a day or two late. This is why good-faith fixes need to count. This zero-tolerance approach also ignores what our own courts have already decided. In *Hohenshelt v. Superior Court (2025)*, the California Supreme Court rejected a rigid reading of the existing law, holding that a business should not automatically lose its arbitration rights over a good-faith mistake. SB 22 would remove that safeguard and put the statute back in legal jeopardy. Rather than working against the Supreme Court's reasoning, this bill should align with it. CalChamber therefore asks that the bill add a 14-business-day notice-and-fix period following written notice of nonpayment. This would give honest businesses a brief window to correct an accidental oversight before an automatic default, preserving resources that are better spent on hiring, wages, and growing their companies.

**Guard against abuse of the 30-day clock:**

A strict 30-day deadline with an automatic penalty also creates a significant opportunity for misuse. Bad actors trying to game the system can easily use automated bots to flood an employer with hundreds, if not thousands, of claims all at once, purposefully overloading their accounting department to trigger an accidental late payment and force them into court. Honest employers shouldn't lose their right to arbitration just because they were targeted by a system designed to make them fail. This is why a warning system is so necessary. To fix this, CalChamber wants the bill amended so that a penalty is only triggered after a written warning and the 14-business-day window to amend the error has passed. This step would protect businesses from being set up while still holding bad actors accountable if they deliberately stall.

To place the bill in legal language, CalChamber respectfully asks the author and the Committee to adopt the following amendment to Section 2(a):

*"A drafting party shall not be deemed in material breach or default if the required fees or costs are paid within 14 business days following written notice of nonpayment, or if the failure to pay by the due date was inadvertent and subsequently fixed without measurable prejudice to the consumer or employee."*

With this amendment, SB 22 would still provide a clear deadline and a meaningful consequence for bad-faith delays. If it is adopted, CalChamber would be glad to reconsider our position. If it is not, our position will remain a firm Oppose. We would welcome the chance to meet with the author, the Chair, and Committee members before the bill is heard. Thank you for your time, consideration, and leadership.

Sincerely,

*Aishah Apalara*

Aishah Apalara (She/Her/Hers) - Lobbyist

