

Legal Update Article

# **California Governor Vetoes Bill Prohibiting Mandatory Arbitration Provisions in Employment Contracts**

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In a last-minute action on the September 30 legislative deadline, California's Governor vetoed a bill that, among other things, would have imposed restrictions on the use of arbitration agreements for certain employment claims.

Under vetoed Assembly Bill 3080, beginning on January 1, 2019, employers in California would have been barred from requiring employees and independent contractors to sign arbitration or nondisclosure agreements as a condition of their employment (or continued employment). The bill also would have prohibited employers from retaliating against employees who refuse to sign such agreements.

In his September 30, 2018, statement vetoing the bill, Governor Jerry Brown explained that Assembly Bill 3080 violated the Federal Arbitration Act and recent U.S. Supreme Court decisions by creating impermissible restrictions on the initial formation of arbitration agreements.

The California Legislature originally may have been motivated by the #MeToo movement confronting issues of sexual harassment in the workplace. Unlike similar #MeToo efforts in the states of [Maryland](#), [New York](#), Vermont, and [Washington](#), Assembly Bill 3080 was much broader in scope and appeared to directly challenge the U.S. Supreme Court decision in *Epic Systems Corp. v. Lewis*, No. 16-285, 584 U.S. \_\_\_ (2018). For more on the Supreme Court decision, see our article, [Supreme Court: Class Action Waivers in Employment Arbitration Agreements Do Not Violate Federal Labor Law](#).

Jackson Lewis attorneys are monitoring California legislation, and how the Assembly will react to the Governor's veto. Jackson Lewis attorneys are available to assist employers with this and other workplace issues.

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