

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1523 (Committee on Judiciary)

Version: March 18, 2025

Hearing Date: June 17, 2025

Fiscal: No

Urgency: No

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SUBJECT

Court-ordered mediation

DIGEST

This bill raises the threshold under which a court may order a case into mediation from \$50,000 to \$75,000 and places additional conditions which must be met before such an order can be made. The bill provides for the process of such mediation and its aftermath.

EXECUTIVE SUMMARY

“Mediation” means a process in which a neutral person or persons facilitate communication between the disputants to assist them in reaching a mutually acceptable agreement. Generally, mediation is entered into voluntarily by the parties to a dispute. However, the law provides a limited authorization for courts to order the parties to an action into mediation. Courts may not order a case into mediation if the amount in controversy exceeds \$50,000.

This bill raises that threshold to \$75,000 and places additional conditions that must be met, including that the case must be set for trial and that there are no ongoing discovery disputes. The bill also lays out the relevant process, including the selection of a mediator and the rules to apply in such mediation.

This bill is sponsored by the Assembly Judiciary Committee. It is supported by the California Dispute Resolution Council. No timely opposition has been received by the Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Defines “mediation” as a process in which a neutral person or persons facilitate communication between the disputants to assist them in reaching a mutually acceptable agreement. (Code Civ. Proc. § 1775.1.)
- 2) Prohibits the court from ordering a case into mediation where the amount in controversy exceeds \$50,000. The determination of the amount in controversy shall be made in the same manner as provided in Section 1141.16 and, in making this determination, the court shall not consider the merits of questions of liability, defenses, or comparative negligence. (Code Civ. Proc. § 1775.5.)
- 3) Provides that the determination of the amount in controversy shall be made by the court and the case referred to arbitration after all named parties have appeared or defaulted. The determination shall be made at a case management conference or based upon review of the written submissions of the parties, as provided in rules adopted by the Judicial Council. The determination shall be based on the total amount of damages, and the judge may not consider questions of liability or comparative negligence or any other defense. At that time the court shall also make a determination whether any prayer for equitable relief is frivolous or insubstantial. The determination of the amount in controversy and whether any prayer for equitable relief is frivolous or insubstantial may not be appealable. No determination pursuant to this section shall be made if all parties stipulate in writing that the amount in controversy exceeds the amount specified. The determination and any stipulation of the amount in controversy shall be without prejudice to any finding on the value of the case by an arbitrator or in a subsequent trial de novo. (Code Civ. Proc. § 1141.16.)
- 4) Provides that in the courts of the County of Los Angeles and in other courts that elect to apply this section of law, all at-issue civil actions in which arbitration is otherwise required, whether or not the action includes a prayer for equitable relief, may be submitted to mediation by the presiding judge as an alternative to judicial arbitration. Any civil action otherwise within the scope of this title in which a party to the action is a public agency or public entity may be submitted to mediation. (Code Civ. Proc. § 1775.3.)
- 5) Requires a mediator to be selected for the action within 30 days of its submission to mediation. The method of selection and qualification of the mediator shall be as the parties determine. If the parties are unable to agree on a mediator within 15 days of the date of submission of the action to mediation, the court may select a mediator pursuant to standards adopted by the Judicial Council. (Code Civ. Proc. § 1775.6.)

This bill:

- 1) Raises the threshold at which a court may not order a case into mediation to an amount in controversy exceeding \$75,000. It makes clear that this determination and any stipulation thereto is without prejudice as to any finding on the value of the case.
- 2) Imposes additional conditions that must be met before a case can be ordered into mediation as follows:
 - a) The case has been set for trial.
 - b) At least one party has notified the court of its interest in mediation.
 - c) There are no ongoing discovery disputes impacting the case.
 - d) The parties have been notified of their option to stipulate to a mutually agreeable mediator.
 - e) The parties have the ability to mediate through the use of remote technology upon the stipulation of all parties.
- 3) Provides that if the parties do not stipulate to a mutually agreeable mediator within 15 days of the date the case is submitted to mediation, the court shall select a mediator, at no cost to the parties, pursuant to standards adopted by the Judicial Council.
- 4) Requires all parties and counsel attending the mediation to comply with subdivision (a) of Rule 3.894 of the California Rules of Court.
- 5) Provides that such mediation shall conclude in the form of a mutually acceptable agreement or statement of nonagreement, as described in Section 1775.9, no later than 120 days before the trial date.
- 6) Prohibits the mediation from delaying the trial date.

COMMENTS

1. Stated intent of the bill

According to the author:

AB 1523 raises the amount in controversy level for referring civil disputes to mediation from \$50 thousand or less to \$75 thousand or less. Given that the existing amount in controversy level has not been increased in decades, this straightforward bill will permit courts to direct more litigants to mediation. This bill also recognizes some of the flaws in the existing mediation system and add safeguards to the existing law to

ensure that only cases with a legitimate chance of being resolved are sent to litigation, thus avoiding unnecessary expense and delay.

2. Mandatory mediation

“Mediation” is the process in which a neutral person or persons facilitate communication between the disputants to assist them in reaching a mutually acceptable agreement. (Code Civ. Proc. § 1775.1.) The law currently provides a narrow authorization for courts to force a case into mediation without the parties consent. The law provides that in the courts of the County of Los Angeles and in other courts that elect to do so, specified civil actions may be submitted to mediation, as provided. (Code Civ. Proc. § 1775.3.)

A mediator must be selected for the action within 30 days of its submission to mediation. The method of selection and qualification of the mediator shall be as the parties determine. If the parties are unable to agree on a mediator within 15 days of the date of submission of the action to mediation, the court may select a mediator pursuant to standards adopted by the Judicial Council. (Code Civ. Proc. § 1775.6.)

However, currently the law prohibits the court from ordering a case into mediation where the amount in controversy exceeds \$50,000. (Code Civ. Proc. § 1775.5.)

This bill amends the statute in several ways. First, it raises the threshold at which a court may not order a case into mediation to an amount in controversy exceeding \$75,000. It also establishes a series of conditions that must be met for the case to be eligible. It requires that no outstanding discovery disputes exist and that at least one party notify the court of interest in mediation. Parties must be able to mediate through remote technology, if the parties so stipulate, and they must be notified of the option to stipulate to a mutually agreeable mediator. However, if the parties do not so stipulate within 15 days, the court shall select a mediator, as provided, at no cost to the parties.

The conditions also require that the case must already be set for trial, and the bill prohibits the mediation from delaying that trial date.

As the author asserts, these conditions work to ensure that only cases likely to benefit from such mediation are eligible, reducing the inefficiencies attendant to unsuccessful mediation.

Writing in support, the California Dispute Resolution Council makes the case for the bill:

There has been a sharp rise in civil filings in the past few years. This rise has taxed the resources of our courts and mediation has proven to be one of the most effective methods of resolving these disputes. However, courts are generally prohibited from

ordering mediation, See *Jeld-Wen, Inc. v. Superior Court* (2007) 146 Cal. App. 4th 536. An exception to this restriction is set forth in former section 1775.5, which allowed court-ordered mediation where the amount in controversy did not exceed \$50,000. The \$50,000 limitation has been in effect for over 30 years and so an increase in the limitation is long overdue.

SUPPORT

California Dispute Resolution Council

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

SB 1141 (Niello, 2024) was similar to this bill and would have raised the monetary threshold and imposed certain conditions before mandatory mediation can be ordered. SB 1141 died in the Assembly Judiciary Committee.

SB 401 (Lockyer, Ch. 1261, Stats. 1993) required the courts in Los Angeles County and authorized others to implement a prescribed program of mediation of specified civil matters, where the amount in controversy does not exceed \$50,000.

PRIOR VOTES:

Assembly Floor (Ayes 74, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)
