

HOUSE BILL REPORT

HB 1065

As Reported by House Committee On: Judiciary

Title: An act relating to the applicability of statutes of limitation in arbitration proceedings.

Brief Description: Addressing the applicability of statutes of limitation in arbitration proceedings.

Sponsors: Representative Goodman.

Brief History:

Committee Activity:

Judiciary: 1/22/13, 1/29/13 [DP].

Brief Summary of Bill

- Applies existing statutes of limitations to claims subject to arbitration.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 12 members: Representatives Pedersen, Chair; Hansen, Vice Chair; Rodne, Ranking Minority Member; O'Ban, Assistant Ranking Minority Member; Goodman, Hope, Jinkins, Kirby, Klippert, Nealey, Orwall and Shea.

Staff: Caitlin Forsyth (786-5793) and Cece Clynch (786-7195).

Background:

Arbitration is a form of nonjudicial, "alternative" dispute resolution. Contracting parties may explicitly agree to settle claims arising from a contract through arbitration, rather than judicial proceedings. In Washington, arbitration proceedings are governed by the Washington Uniform Arbitration Act (UAA), which prescribes procedures for initiating and conducting arbitration and for enforcing and appealing arbitration awards and rulings.

In 2010 the Supreme Court of Washington ruled that existing statutes of limitations do not apply to arbitration proceedings where the parties had not explicitly agreed that the state statutes of limitations would apply. The court based its conclusion on the language of

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Washington's statutes of limitations and Washington's former arbitration guidelines, the Washington Arbitration Act (WAA), in effect at the time of the arbitration dispute in the case. The court noted that the state's statutes of limitations mention only court actions, not arbitrations; that the WAA consistently referred to arbitration variously as "arbitration," "hearing," or "proceeding," and to lawsuits as "civil actions," "actions," or "suits;" and that the WAA did not make state statutes of limitations explicitly applicable to arbitrations. The WAA language the court found dispositive is the same as the UAA in force today.

Summary of Bill:

The UAA is amended to specify that the time limitations applicable to the commencement of claims initiated in court will also apply to the commencement of claims subject to arbitration.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Supreme Court recently ruled that statutes of limitations do not apply to arbitration proceedings. This bill is one of many planned in a long-term project with the Alternative Dispute Resolution (ADR) Section of the Washington Bar Association to revise, refine, and update the state's arbitration statutes to reflect best practices. The Associated General Contractors of Washington support this bill generally but request an amendment that clarifies that time limitations also apply to the accrual of actions. The ADR Section supports this bill as it promotes best practices and it makes sense that ADR procedures such as arbitration would conform to court procedures and time limitations.

(Opposed) None.

Persons Testifying: Representative Goodman, prime sponsor; Van Collins, Associated General Contractors of Washington; and Paul McVicker, Alternative Dispute Resolution Section of the Washington State Bar Association.

Persons Signed In To Testify But Not Testifying: None.