

# SENATE BILL REPORT

## SB 5227

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As Reported by Senate Committee On:  
Law & Justice, February 10, 2015

**Title:** An act relating to international commercial arbitration.

**Brief Description:** Creating the international commercial arbitration act.

**Sponsors:** Senators Baumgartner, O'Ban, Dammeier and Fain.

**Brief History:**

**Committee Activity:** Law & Justice: 1/29/15, 2/10/15 [DP].

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass.

Signed by Senators Padden, Chair; O'Ban, Vice Chair; Pedersen, Ranking Minority Member; Darneille, Kohl-Welles, Pearson and Roach.

**Staff:** Melissa Burke-Cain (786-7755)

**Background:** Arbitration is a method for resolving disputes without going to court. In international commercial dealings, arbitration gives businesses more control because the process is set by the parties' private agreement and the decision maker is a mutually selected neutral party. Arbitration keeps business disputes confidential and protects businesses from uncertain outcomes based on foreign laws and judicial processes.

The international commercial arbitration law's purpose is to provide uniform terms for arbitration agreements and uniform enforcement processes for arbitration agreements and awards. Currently more than 60 nations and eight U.S. states have adopted the international commercial arbitration law. The states that have adopted the law are California, Connecticut, Florida, Georgia, Illinois, Louisiana, Oregon, and Texas. Washington has not adopted the international commercial arbitration law.

**Summary of Bill:** The international commercial arbitration law applies only to arbitrations that take place within Washington except when a superior court has authority to issue or enforce interim measures, or to enforce arbitration agreements and awards. Washington's international commercial arbitration law is subject to any conflicting agreements between the federal government and other nations. The arbitration agreement must be in writing. An

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arbitration clause may remain valid even if the underlying contract of the parties is invalid. Parties may pursue arbitration under their arbitration agreement even if the dispute is pending in court.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill will be good for business. Adopting it will allow Washington to be a forum for international commercial arbitrations. The businesses do not have to be Washington companies to come to Washington and hold their arbitration. Washington is a convenient site location. This bill is also good from a legal perspective. The bill provides a legal basis for hosting international arbitration without undue burden on Washington's courts. It gives flexibility to hold an international arbitration in any Washington county; it has reasonable controls, sets reasonable boundaries. For example, a dispute between an Asian manufacturer and a European distributor could be resolved in Seattle. Other international venues are marketing their locations as a host, why not us?

**Persons Testifying:** PRO: Mr. Pilcher, Spokane; Paul Eklund, International Law Section of the WA Bar Assn.