

**SENATE BILL REPORT**

**SB 5634**

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS,  
FEBRUARY 25, 1993**

**Brief Description:** Requiring state agencies to submit interagency disputes to arbitration before filing lawsuits.

**SPONSORS:** Senators Bauer, Newhouse, Snyder, Haugen, Gaspard, Vognild, Sutherland, Rinehart, Spanel, Talmadge, Winsley, McAuliffe, Moore and Drew

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** That Substitute Senate Bill No. 5634 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, and Winsley.

**Staff:** Rod McAulay (786-7754)

**Hearing Dates:** February 17, 1993; February 25, 1993

**BACKGROUND:**

There is no provision in state law prescribing how state agencies resolve disputes among themselves. Agencies may, at times, institute legal action in the courts against each other at substantial cost.

**SUMMARY:**

A state agency may not sue another state agency unless the agency has completed required arbitration procedures. When a dispute between agencies cannot be resolved the Governor shall name the heads of three state agencies which are not affected by the dispute to sit as an arbitration committee. The committee shall conduct necessary hearings and render a decision which is binding on all parties unless overturned by a court. The Attorney General shall represent the agencies in the arbitration proceedings.

**EFFECT OF PROPOSED SUBSTITUTE:**

The offices of the Secretary of State, State Treasurer, State Auditor, Insurance Commissioner, Superintendent of Public Instruction and the Department of Natural Resources are added to the definition of "state agency." Agencies are required to participate in a 30-day mediation process prior to filing suit against another state agency. A neutral mediator is appointed by agreement of the agencies or by the Governor. Third parties may be invited to participate in the mediation. At the end of 30 days, the mediator shall report either (1) a settlement; (2) an agreement as to a process for reaching

settlement; or (3) failure to either settle or reach agreement on a process. The process to achieve settlement may include arbitration or litigation of certain issues. Mandatory arbitration requirements are deleted. The mediation requirements do not apply when an agency must implead another agency in an existing suit or otherwise pursue an appeal or file a notice to avoid the forfeiture of rights or remedies.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This will reduce the amount of costly litigation within the state government family. It forces agencies to resolve their differences at the table and not in court.

**TESTIMONY AGAINST (original bill):**

Arbitration can be as costly as litigation. Mediation would be preferable.

**TESTIFIED:** Senator Bauer, prime sponsor; Chris Gregoire, Attorney General; Narda Pierce, Deputy AG