

# HOUSE BILL REPORT

## EHB 2713

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**As Passed House:**

February 15, 2000

**Title:** An act relating to mandatory arbitration.

**Brief Description:** Regarding mandatory arbitration fees.

**Sponsors:** Representatives Constantine, Hurst, Haigh and Conway.

**Brief History:**

**Committee Activity:**

Judiciary: 2/3/00 [DP].

**Floor Activity:**

Passed House: 2/15/00, 79-17.

**Brief Summary of Bill**

- Makes mandatory arbitration automatic in counties of more than 100,000 population.
- Allows a county to impose a filing fee of up to \$120 for mandatory arbitration and requires that the fees collected be used for mandatory arbitration programs in the county.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 12 members: Representatives Carrell, Republican Co-Chair; Constantine, Democratic Co-Chair; Hurst, Democratic Vice Chair; Lambert, Republican Vice Chair; Cox; Dickerson; Esser; Kastama; Lantz; Lovick; McDonald and Schindler.

**Staff:** Bill Perry (786-7123).

**Background:**

Arbitration is a nonjudicial method for resolving disputes in which a neutral party is given authority to decide the case. Arbitration is intended to be a less expensive and

time-consuming way of settling problems than taking a dispute to court. Parties are generally free to agree between themselves to submit an issue to arbitration. In some cases, however, arbitration is mandatory.

A statute allows any superior court, by majority vote of its judges, to adopt mandatory arbitration in prescribed cases. In counties of 70,000 or more population, the county legislative authority may also impose this mandatory arbitration. This mandatory arbitration applies to cases in which the sole relief sought is a money judgment of \$15,000 or less. By a two-thirds vote, the judges of the superior court may raise this limit to \$35,000. These limits were set at their current levels in 1988, when they were raised from \$10,000 and \$25,000, respectively.

An award by an arbitrator may be appealed to the superior court. The superior court will hear the appeal "de novo." That is, the court on appeal will conduct a trial on all issues of fact and law essentially as though the arbitration had not occurred.

Under Initiative 695, any increase in a "tax" requires voter approval. For purposes of the initiative, the term "tax" includes taxes, fees, and "any monetary charge by government."

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**Summary of Bill:**

A county legislative authority may impose a filing fee of up to \$120 for a mandatory arbitration. If Initiative 695 is determined to apply, however, any such fee must be approved by a vote of the people. These fees are to be used solely for the mandatory arbitration program.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 26, 2000.

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

**Testimony For:** Mandatory arbitration is a speedy and efficient way to handle smaller disputes, but because of the impact of Initiative 695 the program will disappear without this bill. Mandatory arbitration provides access to justice for those who would be unable to take a case through the regular court procedure.

**Testimony Against:** Counties should explore other ways of funding mandatory arbitration. The \$120 filing fee allowed by the bill will unreasonably increase the transactional costs of litigation.

**Testified:** (In support) Larry Shannon, Steve Toole, and Sue Sampson, Washington State Trial Lawyers Association; and Michelle Radosevich and Jerome Cohen, King County Bar Association.

(Opposed) Deanne Kopkas, National Association of Independent Insurers.