

# SENATE BILL REPORT

## EHB 2449

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As of February 17, 2012

**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:** Representatives Goodman and Pedersen.

**Brief History:** Passed House: 2/09/12, 97-0.

**Committee Activity:** Judiciary: 2/17/12.

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### SENATE COMMITTEE ON JUDICIARY

**Staff:** Juliana Roe (786-7438)

**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 order to be enforceable, an arbitration proceeding must comply with the provisions of UAA.

In 2010 the Supreme Court of Washington ruled that existing statutes of limitations do not apply to arbitration proceedings when the parties had not explicitly agreed that the state statutes of limitations would apply. The court based its conclusion on the text of Washington's statutes of limitations and UAA. The court noted that the state's statutes of limitations mention only court actions, not arbitrations; that UAA consistently distinguishes between arbitration proceedings and civil actions or judicial proceedings; and that UAA does not make state statutes of limitations applicable to arbitrations.

**Summary of Bill:** 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.

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*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.*

**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: Statutes of limitations (SOL) don't apply to arbitrations but they do to in other causes of action. Currently, litigants in court proceedings can raise the SOL defense, but not in arbitrations. This bill levels the playing field.

**Persons Testifying:** PRO: Representative Goodman, prime sponsor; Kathryn Leathers, WSBA.