

SENATE BILL REPORT

HB 1065

As of March 18, 2013

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: Passed House: 3/04/13, 98-0.

Committee Activity: Law & Justice: 3/18/13.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Aldo Melchiori (786-7439)

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 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.

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.

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: The Alternative Dispute Resolution Section of the Washington State Bar Association supports this bill because it promotes best practices and it makes sense that procedures such as arbitration would conform to court procedures and time limitations. The actual length of the statute of limitations in any given case will depend upon the nature of the dispute at hand.

Persons Testifying: PRO: Representative Goodman, prime sponsor.