

HOUSE BILL REPORT

SHB 1248

As Passed House:
February 19, 2015

Title: An act relating to court proceedings.

Brief Description: Concerning court proceedings.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Shea, Sawyer, Rodne, Jinkins, Walkinshaw, Fitzgibbon, Kilduff and Pollet).

Brief History:

Committee Activity:

Judiciary: 1/21/15, 1/29/15 [DPS].

Floor Activity:

Passed House: 2/19/15, 78-19.

Brief Summary of Substitute Bill

- Increases the jurisdictional limit for district courts to \$100,000.
- Makes various changes to mandatory arbitration.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Jinkins, Chair; Kilduff, Vice Chair; Shea, Assistant Ranking Minority Member; Goodman, Haler, Hansen, Kirby, Klippert, Orwall and Walkinshaw.

Minority Report: Do not pass. Signed by 2 members: Representatives Rodne, Ranking Minority Member; Muri.

Minority Report: Without recommendation. Signed by 1 member: Representative Stokesbary.

Staff: Brent Campbell (786-7152).

Background:

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.

Washington Court System.

There are four levels of courts in Washington: (1) the Supreme Court; (2) the Court of Appeals; (3) the superior courts; and (4) courts of limited jurisdiction (district and municipal courts).

Superior courts are courts of general jurisdiction. They generally have no limit on the types of civil and criminal cases heard. They also hear appeals from courts of limited jurisdiction.

District courts also have jurisdiction over both criminal and civil cases, but they are limited in the types of cases they may hear. For instance, district courts have no jurisdiction for civil actions where the value of the claim or the amount at issue exceeds \$75,000.

Mandatory Arbitration.

In arbitration proceedings, a neutral third party is selected to hear both sides of the case and then resolves the case by rendering a specific decision or award.

Mandatory arbitration is required for certain civil actions in counties with a population of more than 100,000. In counties with a population of 100,000 or less, the superior court of the county may authorize mandatory arbitration of civil actions with a majority vote of the county's superior court judges or it may be authorized by the county legislative authority.

Civil actions that seek only a money judgment in superior court are subject to mandatory arbitration if the counties have authorized arbitration and no party asserts a claim in excess of \$15,000. This amount may be raised to \$50,000, exclusive of interest and costs, if approved by a two-thirds or greater vote of superior court judges of the county.

Summary of Substitute Bill:

District court shall have jurisdiction of civil actions if, for each claimant, the value of the claim or amount at issue does not exceed \$100,000.

Superior court judges of a county that has approved arbitration may require mandatory arbitration for civil actions with amounts at issue of up to the jurisdictional limit of district courts. This jurisdictional limit is \$100,000.

Arbitrators are also required to set the time, date, and place of the hearing and to give reasonable notice to the parties of the hearing date. This hearing date may be set no sooner than 21 days and no later than 75 days from the date of the assignment of the case to the arbitrator.

Guidelines for how to conduct discovery are also provided for parties to mandatory arbitration. A party conducting discovery may demand a specification of damages, to request physical and mental health examinations, request an admission from a party, and take the deposition of another party. A party may request additional discovery from an arbitrator, but arbitrators can allow discovery only as reasonably necessary.

A written notice of appeal of an arbitration must be signed by the aggrieved party. Filing fees for a request for mandatory arbitration are raised from \$220 to \$250, and filing fees for a

request for trial de novo of an arbitration award are raised from \$250 to \$275. The \$30 differential between the current fee for filing a request for mandatory arbitration and the fee as increased must be used for indigent defense services.

A technical change is also made to replace "a water rights statement" with "an adjudication claim." This makes the language of this section match the statutory language of RCW 90.03.180.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill will save money for everyone involved, it will lead to a more efficient court system, and it will promote access to justice.

All parties involved will save money. Mandatory arbitration hearings are much shorter than court hearings, and a case that could take three to four days in court may only take three to four hours in arbitration. The relaxed rules of evidence also save all parties money because you can call expert witnesses instead of paying for them to come to a courtroom and wait for their time to testify.

Arbitration is a process that resolves disputes efficiently and effectively, and increasing the number of arbitrations will promote efficiency. Roughly 80 percent of mandatory arbitration cases are resolved without taking a single moment of judicial docket time, and only 2 percent of cases that go through arbitration end up in trial. It also accomplishes this without taking away anyone's constitutionally vested right for a trial by jury. A trial is always an option, this just helps resolve cases in a more efficient way.

This will also promote access to justice by giving more people and businesses the opportunity to have their case heard. The current \$50,000 limit for mandatory arbitration and \$75,000 limit for district court are not enough when compared with the high costs of medical bills and expert witnesses. Cases that have \$20,000-\$50,000 in medical damages just can't be brought if the case will cost \$20,000-\$30,000 to go to trial. Arbitration for these cases is essential. Arbitration is also necessary in many commercial cases, and businesses would benefit from these changes.

The signature requirement will give proper notice to the parties and increase their likelihood of using arbitration.

District court judges are particularly interested in the increased jurisdictional limit for district court and they do not want this aspect to get bogged down by anything else.

(Opposed) The fee increases here are significant and will increase the number of trials de novo. Defense attorneys do not want to go to arbitration because arbitrators often are plaintiff oriented and tend to split the difference in awards instead of coming to a fair and just position. Mandatory arbitration is appropriate when amounts at issue are relatively small, but when the amounts at issue are significant the case should go to court.

Persons Testifying: (In support) Representative Shea, prime sponsor; Steve Toole, Marshall Casey, Shelley Speier, and Celia Rivera, Washington State Association of Justice; Melanie Stewart, Washington District Municipal Court Judges Association; Larry Shannon, Washington State Association of Justice; and Patrick Connor, National Federation of Independent Business.

(Opposed) Mel Sorenson, Washington Defense Trial Lawyers.

Persons Signed In To Testify But Not Testifying: None.