

HCS HB 156 -- ARBITRATION AGREEMENTS

SPONSOR: Corlew

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Litigation Reform by a vote of 8 to 2. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 9 to 2.

This bill provides that in arbitration agreements between an employer and an at-will employee the arbitrator must make all initial decisions as to arbitrability, including deciding whether the parties have agreed to arbitrate, whether the arbitration agreement is enforceable, and whether specific claims are arbitrable. For this type of matter, the arbitrator or arbitrators will be selected by mutual agreement of the parties or, if no mutual agreement, by a strike and ranking process. The bill establishes certain criteria for when the arbitrator must determine that the arbitration agreement is valid. On motion by a party showing an arbitration agreement between an employer and an at-will employee that does not expressly delegate the issue of arbitrability to the court, the court must stay any action before the court and order the parties to proceed to arbitration. The provisions of this bill do not apply to or affect enforceability of arbitration provisions in collective bargaining agreements.

This bill is the same as HB 1718 (2016) and is similar to SB 45 (2017) and HB 928 (2015).

PROPOSERS: Supporters say that this bill will promote the use of arbitration which is cost efficient and judicially efficient. This bill provides balance as the enforceability of arbitration agreements in Missouri has been eroded.

Testifying for the bill were Representative Corlew; Missouri Retailers Association; Missouri Grocers Association; Associated Industries of Missouri; Janet Mark, Hallmark Cards Inc.; Kansas City Chiefs; Melissa Boyd, Cerner Corporation; JE Dunn Construction; Kansas City Power & Light; Burns and McDonnell Engineering; Nancy L. Giddens, The Greater Kansas City Chamber of Commerce; State Farm Insurance; American Insurance Association; Missouri Insurance Coalition; Chubb Insurance; and Missouri Chamber of Commerce and Industry.

OPPOSERS: Those who oppose the bill say that the parties to these contracts do not have equal bargaining power, and that the contracts in many cases lack consideration and are contracts of adhesion. Arbitrators may act in their financial self-interest due to certain parties being repeatedly involved in arbitration

proceedings. The current federal and state laws provide adequate legal boundaries to protect the parties.

Testifying against the bill were Tim Ricker, MATA; Amy Coopman, MATA; and National Employment Lawyers Association.