

HB 1512 -- ARBITRATION AGREEMENTS

SPONSOR: Corlew

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Litigation Reform by a vote of 8 to 4. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 10 to 3.

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 similar to HCS HB 156, SB 45 (2017), and HB 1718 (2016).

PROPOSERS: Supporters say that this bill will strengthen arbitration agreements and promote cost efficient use of arbitration. This bill provides balance as the enforceability of arbitration agreements in Missouri has been eroded by recent court rulings.

Testifying for the bill were Representative Corlew; Hallmark Cards, Inc; Associated Industries of Missouri; Missouri Chamber of Commerce and Industry; Kansas City Chiefs Football Club; Kansas City Chamber of Commerce; Missouri Insurance Coalition; Burns & McDonnell; NFIB; JE Dunn Construction; and Cerner Corporation.

OPPONENTS: Those who oppose the bill say that the parties to these contracts do not have equal bargaining power. Arbitrators may act in their financial self-interest due to implicit bias and to certain parties being repeatedly involved in arbitration proceedings. The bill takes away the right to a jury trial and removes transparency from the civil justice system.

Testifying against the bill were Mary Anne Sedey; Lynne Bratcher, Missouri Association of Trial Attorneys and National Employment

Lawyers Association; Missouri AFL-CIO; Empower Missouri; and PROMO.