

**HOUSE OF REPRESENTATIVES  
FINAL BILL ANALYSIS**

<b>BILL #:</b>	HB 7161	<b>FINAL HOUSE FLOOR ACTION:</b>	
<b>SPONSOR(S):</b>	Civil Justice Subcommittee and Passidomo	118 Y's	0 N's
<b>COMPANION BILLS:</b>	SB 1664	<b>GOVERNOR'S ACTION:</b>	Approved

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**SUMMARY ANALYSIS**

HB 7161 passed the House on April 30, 2014, as SB 1664.

In 2013, the Legislature passed the Revised Florida Arbitration Code (Code). Parties may generally adopt procedures in an arbitration agreement, however, certain provisions of the Code may not be waived. The provisions that may not be waived are generally procedural requirements that are fundamental to the fairness of arbitration. A provision that may not be waived in the current statute refers to the "remedies provided under s. 682.12," F.S. This appears to be a scrivener's error, as remedies are in s. 682.11, F.S., while 682.12, F.S., relates to the right to confirm an award. This bill amends s. 682.014(3)(f), F.S., to correct the scrivener's error by replacing "remedies" with the "right to confirmation of an award." The bill applies retroactively to the effective date of the Revised Florida Arbitration Code, July 1, 2013.

This bill does not appear to have a fiscal impact on state or local government.

The bill was approved by the Governor on May 12, 2014, ch. 2014-24, L.O.F., and became effective on that date.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Background

In 2013, the Legislature passed, and the Governor signed, the Revised Florida Arbitration Code.<sup>1</sup> The Revised Arbitration Code was based on the 2000 model act and was the first major upgrade to Florida's Arbitration Code since 1957.

Arbitration is a form of alternative dispute resolution, where an arbitrator, or a panel of arbitrators, hears a case instead of a court.<sup>2</sup> Generally, an arbitration agreement provides the terms of arbitration, but the Arbitration Code provides some default rules where the agreement is silent.<sup>3</sup> An arbitration clause is often included in contracts, and it is a well-established principle that arbitration is generally favored by the courts where agreed to by the parties.<sup>4</sup> It is the public policy of both the federal<sup>5</sup> and state<sup>6</sup> governments to favor arbitration.

Arbitration generally occurs independent of the court system, however certain aspects of arbitration may require court action. For example, a party may need to go to court to compel or stay an arbitration proceeding.<sup>7</sup> Also, after a decision is made in an arbitration to provide an award to a party to the arbitration, the award may be confirmed by the court to provide a legal effect.<sup>8</sup>

#### Effect of the Bill

Parties may generally adopt rules and procedures by contract because the procedures contained in the Revised Arbitration Code generally serve as a gap filler. However, certain provisions of the Code may not be waived. The provisions that may not be waived are generally procedural requirements that, the lack thereof, would fundamentally undermine the arbitration agreement. One such provision in the current statute refers to the "remedies provided under s. 682.12," F.S.<sup>9</sup> This appears to be a scrivener's error, as remedies are in s. 682.11, F.S., while 682.12, F.S., relates to the right to confirm an award.

This bill amends s. 682.014(3)(f), F.S., to correct the scrivener's error by replacing "remedies" with the "right to confirmation of an award." This correction appears to be consistent with the apparent intent of the 2013 legislation and is remedial in nature.

The bill applies retroactively to the effective date of the Revised Florida Arbitration Code, July 1, 2013.

The effective date of the bill is upon becoming a law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

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<sup>1</sup> Chapter 2013-232, L.O.F.

<sup>2</sup> Black's Law Dictionary, 6th Ed., defines "arbitration" as "A process of dispute resolution in which a neutral third party (arbitrator) renders a decision after a hearing at which both parties have an opportunity to be heard."

<sup>3</sup> For instance, if the agreement does not provide a method for picking the arbitrator(s), the court may appoint one or more arbitrators, in accordance with s. 682.04, F.S.

<sup>4</sup> *Roger E. Freilich, D.M.D., P.A. v. Shochet*, 96 So.3d 1135 (Fla. 4th DCA 2012), citing *Roe v. Amica Mut. Ins. Co.*, 533 So.2d 279, 281 (Fla. 1988).

<sup>5</sup> See *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20 (1991).

<sup>6</sup> See *Jackson v. Shakespeare Foundation, Inc.*, 108 So.3d 587 (Fla. 2013).

<sup>7</sup> Section 682.03, F.S.

<sup>8</sup> Section 682.12, F.S.

<sup>9</sup> Section 682.014(3)(f), F.S.

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have any impact on state revenues.

2. Expenditures:

The bill does not appear to have any impact on state expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have any impact on local government revenues.

2. Expenditures:

The bill does not appear to have any impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have any direct economic impact on the private sector.

D. FISCAL COMMENTS:

None.