

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -5 2007

SUBJECT: Fiscal Impact Statement: "Arbitration Amendments Act of 2007"

REFERENCE: Bill Number 17-50, Draft Committee Print, June 4, 2007

Conclusion

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation. No additional staff or resources would be required.

Background

Arbitration is an alternative dispute resolution mechanism in which parties contract to have a dispute resolved by a neutral third party rather than through a judicial proceeding. The existing governance structure for arbitration in the District is based on the Uniform Arbitration Act of 1955 (UAA), model legislation drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) that was enacted by the District in 1977.¹ The UAA of 1955, which is current law in the District, established that parties could contract to arbitration prior to the occurrence of an actual dispute and provided basic procedures for the conduct of arbitration.

The proposed "Arbitration Amendments Act of 2007" ("Act") would repeal D.C. Official Code § 16-43 and replace it with § 16-44 to conform to the principles of the Revised Uniform Arbitration Act (RUAA). NCCUSL issued the RUAA in 2000 as an update to

¹ The National Conference of Commissioners on Uniform State Laws (NCCUSL) is a national group of legal professionals who draft model legislation to promote enactment of uniformity in certain areas of state laws.

the original UAA of 1955. The proposed legislation in the District would adopt the RUAA and would add a few consumer-oriented amendments. In incorporating the RUAA, the proposed legislation would:

- Provide that the Act is in default, but allow for variations in the contract phase;
- Allow a court to order provisional remedies during the time in which an arbitrator is being selected;
- Permit consolidation of separate arbitration proceedings;
- Allow an award to be vacated in cases where lack of arbitrator neutrality is evident;
- Provide arbitrators with a degree of immunity from civil liability;
- Place arbitrators on the same level as judges in a judicial proceeding with respect to discovery of evidence; and
- Permit arbitrators to award punitive damages and attorney's fees, but only if by law in a civil action for the same claim (this power already exists through case law but the Act would provide clear authorization).

In addition to adopting the provisions of the RUAA, the proposed legislation would:

- Regulate arbitration service providers;
- Require disclosure of arbitration costs; and
- Exempt insurance contracts from the scope of the RUAA.

Financial Plan Impact

Funds are sufficient in the proposed FY 2007 budget and the FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would update existing District law to conform to the Revised Uniform Arbitration Act in order to modernize the laws governing arbitration proceedings in District contracts. It is not anticipated that this legislation will result in a fiscal impact.