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FISCAL NOTE

Drafting Number: LLS 18-0770 Date: March 9, 2018
Prime Sponsors: Rep. Weissman Bill Status: House Judiciary
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Bill Topic: COLORADO ARBITRATION FAIRNESS ACT

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill establishes ethical standards for arbitrators and creates procedures for disclosures and disqualifications from arbitrations related to potential conflicts of interest.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill creates the "Colorado Arbitration Fairness Act." The bill establishes ethical standards for arbitrators, including that an arbitrator perform his or her duties and require attorneys in arbitrations proceedings to perform their duties without bias or engaging in harassment.

Disqualification. An arbitrator is required to disqualify him- or herself from a proceeding in which his or her impartiality might reasonably be questioned and under specified circumstances, such as the existence of a concurrent conflict of interest.

Disclosures. The bill establishes procedures and processes to make required disclosures, including time frames and the types of information that must be disclosed, such as the financial interests, personal relationships, prior agreements of the arbitrator and any of the affected parties, as well as a five-year history of prior arbitrations.

Court procedures. In any matter subject to arbitration, any party may challenge, in court, the impartiality of the arbitrator or arbitration services provider on the basis of evident partiality. The challenge must be filed no later than 30 days after the disclosures are due.

State Revenue

Beginning in the current FY 2017-18, this bill may increase state cash fund revenue by a minimal amount. If the publication of arbitration case history leads more parties to seek relief from the courts to vacate existing arbitration awards, civil filing fees will increase. Typically this fee is \$224 per case, the majority of which is credited to the Judicial Stabilization Cash Fund, with a portion of fees credited to the Justice Center Fund, the Court Security Fund, and the General Fund.

TABOR Refund

The bill may increase state revenue subject to TABOR by a minimal amount in FY 2017-18, FY 2018-19 and FY 2019-20. State revenue is not currently expected to exceed the TABOR limit in any of these years and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be increased.

State Expenditures

To the extent that this bill increases filings to vacate arbitration awards, trial court workload will increase. No change in appropriations for the Judicial Department is required.

Effective Date

The bill takes effect upon passage and applies to arbitrations conducted pursuant to arbitration demands filed and orders to compel arbitration entered on or after this date.

State and Local Government Contacts

Judicial