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BILL



ANALYSIS

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Senate Bill 901 (as reported without amendment)  
Senate Bill 902 (Substitute S-2 as reported by the Committee of the Whole)  
Senate Bill 903 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Judiciary

### **CONTENT**

Senate Bill 903 (S-1) would create the "Uniform Arbitration Act" to do the following:

- Provide for the enforcement of an agreement to arbitrate.
- Govern arbitration proceedings, including the initiation and consolidation of proceedings.
- Authorize a court or arbitrator to order provisional remedies.
- Allow the parties to waive or vary a requirement of the Act, except as otherwise provided.
- Require a potential arbitrator to disclose facts that could affect his or her impartiality.
- Grant immunity from civil liability to an arbitrator, to the same extent as a judge acting in a judicial capacity.
- Specify an arbitrator's powers and duties.
- Outline an arbitrator's responsibilities in making an award.
- Specify conditions under which a court could vacate, or modify or correct, an arbitration award.
- Identify matters that could be appealed, and require an appeal to be taken as from an order or judgment in a civil action.

The proposed Act would govern an agreement to arbitrate made on or after the bill's effective date, and an agreement made before that date if all parties agreed.

The proposed Act would not apply to an arbitration between members of a voluntary membership organization if the organization required and administered arbitration. A party to such an arbitration, however, could request a court to enter an order confirming an arbitration award and the court could confirm or vacate the award for a reason specified in the Act (i.e., the award was procured by corruption, fraud, or other undue means; there was evident partiality by an arbitrator appointed as a neutral arbitrator, corruption by an arbitrator, or misconduct by an arbitrator prejudicing the rights of a party to the proceeding; or an arbitrator exceeded his or her powers).

Senate Bill 902 (S-2) would amend the Revised Judicature Act (RJA) to limit the application of Chapter 50 (Arbitrations) of the RJA to agreements to arbitrate that were made before the effective date of the proposed Uniform Arbitration Act; or that were made after that date but before the repeal of Chapter 50, if the agreement provided that Chapter 50 would govern. The bill would repeal Chapter 50 on July 1, 2012.

Senate Bill 901 would amend the Condominium Act to require that arbitration proceedings in disputes under the Act be conducted under the proposed Uniform Arbitration Act.

Senate Bill 903 (S-1) would take effect on July 1, 2012, and is tie-barred to Senate Bills 901 and 902. Those bills are tie-barred to Senate Bill 903.

MCL 559.244 (S.B. 901)  
600.5070 et al. (S.B. 902)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bills would have an indeterminate, but likely minimal, fiscal impact on State and local government. To the extent that the bills diverted claims from traditional trial court dispute resolution, there could be long-run cost savings associated with reduced caseloads. A public body also could become a party to arbitration, which would have an indeterminate effect on public expenses; there is potential for modest savings in legal costs, but this would vary based on circumstances unique to each dispute.

Date Completed: 5-15-12

Fiscal Analyst: Dan O'Connor

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.