

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

TO: Honorable Byron Cook, Chair, House Committee on Civil Practices

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3091 by Frost (Relating to dispute resolution.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Civil Practice and Remedies Code as it relates to certain written agreements that were entered into prior to a dispute. The bill asserts that these agreements may not have the practical effect of waiving certain rights or requiring the resolution of the dispute to be kept confidential. A provision of a written agreement which violates this chapter makes the agreement void and unenforceable.

The bill also provides definitions for "consumer" and "consumer arbitration agreements" and states that consumer arbitration agreements are void except to the extent that federal law provides for the agreement's enforcement. It adds required disclosures which must be included on the consumer arbitration agreement related to the cost of arbitration. The Office of the Attorney General (OAG) is authorized to enjoin the drafting party for violations. The drafting party is liable to the person bringing the action for that person's fees and costs.

Furthermore, the bill requires a private arbitration company to make public information about the types of disputes they have arbitrated, including the amounts of claims, the amounts of awards, and the costs of arbitration with their company. The arbitration company is required to keep certain individual consumer information confidential. The section prohibits private arbitration companies which meet certain criteria from administering consumer arbitration. The OAG, or a person affected by an arbitration company's violation of this subchapter is authorized to bring an action to request a court to enjoin the company and to recover attorney fees and costs, if the person prevails.

It is assumed that any additional costs associated with implementation of the bill could be absorbed within existing state resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 360 State Office of Administrative Hearings

LBB Staff: JOB, MN, JM