


SB BILL NO. 135

1  
2 INTRODUCED BY



3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE SPECIAL NOTICE OF ARBITRATION  
5 PROVISION REQUIRED FOR CONTRACTS; AMENDING SECTION 27-5-114, MCA; AND PROVIDING AN  
6 IMMEDIATE EFFECTIVE DATE."

7  
8 WHEREAS, in Doctor's Associates, Inc. v. Casarotto, No. 95-559, U.S. (1996), the United States  
9 Supreme Court held that the notice requirement in 27-5-114(4), MCA, was preempted by section 2 of the  
10 Federal Arbitration Act.

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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14 **Section 1.** Section 27-5-114, MCA, is amended to read:

15 **"27-5-114. Validity of arbitration agreement -- exceptions.** (1) A written agreement to submit an  
16 existing controversy to arbitration is valid and enforceable except upon ~~such~~ grounds ~~as~~ that exist at law  
17 or in equity for the revocation of a contract.

18 (2) A written agreement to submit to arbitration any controversy arising between the parties after  
19 the agreement is made is valid and enforceable except upon ~~such~~ grounds ~~as~~ that exist at law or in equity  
20 for the revocation of a contract. Except as permitted under subsection (3), this subsection does not apply  
21 to:

22 (a) claims arising out of personal injury, whether based on contract or tort;

23 (b) any contract by an individual for the acquisition of real or personal property, services, or money  
24 or credit ~~where~~ when the total consideration to be paid or furnished by the individual is \$5,000 or less;

25 (c) any agreement concerning or relating to insurance policies or annuity contracts except for those  
26 contracts between insurance companies; or

27 (d) claims for workers' compensation.

28 (3) A written agreement between members of a trade or professional organization to submit to  
29 arbitration any controversies arising between members of the trade or professional organization after the  
30 agreement is made is valid and enforceable except upon ~~such~~ grounds ~~as~~ that exist at law or in equity for

1 the revocation of a contract.

2 ~~(4) Notice that a contract is subject to arbitration pursuant to this chapter shall be typed in~~  
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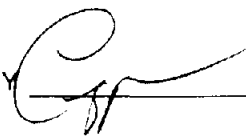
6 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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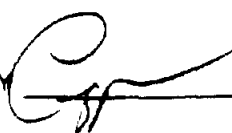
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