

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2388 - SB 2268**

February 17, 2016

**SUMMARY OF BILL:** Prohibits arbitration in any cause of action which arises out of a consumer contract that was entered into or renewed on or after July 1, 2016. Defines “consumer contract” as a writing prepared by a seller and signed by a consumer that provides for the sale or lease of goods or services that are purchased or leased primarily for personal, family, or household purposes, or an extension of credit, the proceeds of which are used primarily for personal, family, or household purposes.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Arbitration clauses are common in consumer contracts for goods and services and are used to settle smaller actions out of court.
- This proposed legislation prohibits certain causes of action from being settled through arbitration; therefore, an increase in court cases is likely to result from this proposed legislation.
- The proposed legislation will result in additional cases going to court as a result of preventing arbitration in certain matters. These matters will likely be brought in a general sessions, circuit, or chancery courts. However, it is assumed that the number of additional cases in the court system having to do with consumer contracts as defined in the bill will not be significant.
- It is assumed that any impact to the courts can be absorbed within existing resources without requiring new personnel.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

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