MISSISSIPPI LEGISLATURE REGULAR SESSION 2021

By: Representative Banks To: Judiciary A

HOUSE BILL NO. 385

AN ACT TO PROVIDE THAT ARBITRATION CLAUSES IN CERTAIN CONTRACTS SHALL BE CONSIDERED NONBINDING; TO AMEND SECTIONS 11-15-1, 11-15-103, 37-101-15, 65-1-89 AND 65-1-91, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING PROVISION; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. An arbitration clause in any contract between a seller or provider and a citizen of this state is nonbinding. The citizen has all legal remedies available in the courts of this state in any matter that may be subject to the arbitration clause.

SECTION 2. Section 11-15-1, Mississippi Code of 1972, is amended as follows:

11-15-1. (1) Subject to the provisions of subsection (2), all persons, except infants and persons of unsound mind, may, by instrument of writing, submit to the decision of one or more arbitrators any controversy which may be existing between them, which might be the subject of an action, and may, in such submission, agree that the court having jurisdiction of the subject matter shall render judgment on the award made pursuant to

such submission. In such case, however, should the parties agree upon a court without jurisdiction of the subject matters of the award, the judgment shall be rendered by the court having jurisdiction in the county of the residence of the party, or some one of them, against whom the award shall be made.

(2) An arbitration clause in any contract executed on or after July 1, 2021, is subject to the provisions of Section 1 of this act.

SECTION 3. Section 11-15-103, Mississippi Code of 1972, is amended as follows:

11-15-103. (1) Except as otherwise provided in subsection (2), two (2) or more parties referred to in Section 11-15-101 may agree in writing to submit to arbitration any controversy existing between them at the time of the agreement, or they may include in a written contract a provision for the settlement by arbitration of any controversy thereafter arising between them relating to such contract or the failure or refusal to perform the whole or any part thereof. Such agreement or provision shall be valid, enforceable and irrevocable without regard to the justiciable character of the controversy. *** * *** However, *** * *** if either party to such an agreement initiates litigation against the other with respect to such agreement, such arbitration provision shall be deemed waived unless asserted as a defense on or before the responding party is required to answer to such litigation. Whenever a provision for binding arbitration is included in the

contract documents of a public contract, any bidder may refuse to accept such clause and shall so state on the bid document before entering into such public contract, and such refusal shall not be cause to reject any bid on, or refuse the award of such public contract.

(2) An arbitration clause in any contract executed on or after July 1, 2021, is subject to the provisions of Section 1 of this act.

SECTION 4. Section 37-101-15, Mississippi Code of 1972, is amended as follows:

37-101-15. (a) The Board of Trustees of State Institutions of Higher Learning shall succeed to and continue to exercise control of all records, books, papers, equipment, and supplies, and all lands, buildings, and other real and personal property belonging to or assigned to the use and benefit of the board of trustees formerly supervising and controlling the institutions of higher learning named in Section 37-101-1. The board shall have and exercise control of the use, distribution and disbursement of all funds, appropriations and taxes, now and hereafter in possession, levied and collected, received, or appropriated for the use, benefit, support, and maintenance or capital outlay expenditures of the institutions of higher learning, including the authorization of employees to sign vouchers for the disbursement of funds for the various institutions, except where otherwise specifically provided by law.

(b) The board shall have general supervision of the affairs of all the institutions of higher learning, including the departments and the schools thereof. The board shall have the power in its discretion to determine who shall be privileged to enter, to remain in, or to graduate therefrom. The board shall have general supervision of the conduct of libraries and laboratories, the care of dormitories, buildings, and grounds; the business methods and arrangement of accounts and records; the organization of the administrative plan of each institution; and all other matters incident to the proper functioning of the institutions. The board shall have the authority to establish minimum standards of achievement as a prerequisite for entrance into any of the institutions under its jurisdiction, which standards need not be uniform between the various institutions and which may be based upon such criteria as the board may establish.

(c) The board shall exercise all the powers and prerogatives conferred upon it under the laws establishing and providing for the operation of the several institutions herein specified. The board shall adopt such bylaws and regulations from time to time as it deems expedient for the proper supervision and control of the several institutions of higher learning, insofar as such bylaws and regulations are not repugnant to the Constitution and laws, and not inconsistent with the object for which these institutions were established. The board shall have power and authority to prescribe rules and regulations for policing the campuses and all

buildings of the respective institutions, to authorize the arrest of all persons violating on any campus any criminal law of the state, and to have such law violators turned over to the civil authorities.

(d) For all institutions specified herein, the board shall provide a uniform system of recording and of accounting approved by the State Department of Audit. The board shall annually prepare, or cause to be prepared, a budget for each institution of higher learning for the succeeding year which must be prepared and in readiness for at least thirty (30) days before the convening of the regular session of the Legislature. All relationships and negotiations between the State Legislature and its various committees and the institutions named herein shall be carried on through the board of trustees. No official, employee or agent representing any of the separate institutions shall appear before the Legislature or any committee thereof except upon the written order of the board or upon the request of the Legislature or a committee thereof.

(e) For all institutions specified herein, the board shall prepare an annual report to the Legislature setting forth the disbursements of all monies appropriated to the respective institutions. Each report to the Legislature shall show how the money appropriated to the several institutions has been expended, beginning and ending with the fiscal years of the institutions, showing the name of each teacher, officer, and employee, and the

salary paid each, and an itemized statement of each and every item of receipts and expenditures. Each report must be balanced, and must begin with the former balance. If any property belonging to the state or the institution is used for profit, the reports shall show the expense incurred in managing the property and the amount received therefrom. The reports shall also show a summary of the gross receipts and gross disbursements for each year and shall show the money on hand at the beginning of the fiscal period of the institution next preceding each session of the Legislature and the necessary amount of expense to be incurred from *** * *** that date to January 1 following. The board shall keep the annual expenditures of each institution herein mentioned within the income derived from legislative appropriations and other sources, but in case of emergency arising from acts of providence, epidemics, fire or storm with the written approval of the Governor and by written consent of a majority of the senators and of the representatives it may exceed the income. The board shall require a surety bond in a surety company authorized to do business in this state of every employee who is the custodian of funds belonging to one or more of the institutions mentioned herein, which bond shall be in a sum to be fixed by the board in an amount that will properly safeguard the *** * *** funds, the premium for which shall be paid out of the funds appropriated for *** * *** those institutions.

(f) The board shall have the power and authority to elect the heads of the various institutions of higher learning and to contract with all deans, professors, and other members of the teaching staff, and all administrative employees of * * * those institutions for a term not exceeding four (4) years. The board shall have the power and authority to terminate any such contract at any time for malfeasance, inefficiency, or contumacious conduct, but never for political reasons. It shall be the policy of the board to permit the executive head of each institution to nominate for election by the board all subordinate employees of the institution over which he presides. It shall be the policy of the board to elect all officials for a definite tenure of service and to reelect during the period of satisfactory service. The board shall have the power to make any adjustments it thinks necessary between the various departments and schools of any institution or between the different institutions.

(g) The board shall keep complete minutes and records of all proceedings which shall be open for inspection by any citizen of the state.

(h) The board shall have the power to enter into an energy performance contract, energy services contract, on a shared-savings, lease or lease-purchase basis, for energy efficiency services and/or equipment as prescribed in Section 31-7-14.

(i) The Board of Trustees of State Institutions of Higher Learning, for and on behalf of Jackson State University, is hereby authorized to convey by donation or otherwise easements across portions of certain real estate located in the City of Jackson, Hinds County, Mississippi, for right-of-way required for the Metro Parkway Project.

(j) Except as otherwise provided in this subsection, in connection with any international contract between the board or one (1) of the state's institutions of higher learning and any party outside of the United States, the board or institution that is the party to the international contract is hereby authorized and empowered to include in the contract a provision for the resolution by arbitration of any controversy between the parties to the contract relating to such contract or the failure or refusal to perform any part of the contract. Such provision shall be valid, enforceable and irrevocable without regard to the justiciable character of the controversy. * * * However, * * * if either party to such contract initiates litigation against the other with respect to the contract, the arbitration provision shall be deemed waived unless asserted as a defense on or before the responding party is required to answer such litigation. An arbitration clause in any contract executed on or after July 1, 2021, is subject to the provisions of Section 1 of this act.

(k) The Board of Trustees of State Institutions of Higher Learning ("board"), on behalf of any institution under its

jurisdiction, shall purchase and maintain business property insurance and business personal property insurance on all university-owned buildings and/or contents as required by federal law and regulations of the Federal Emergency Management Agency (FEMA) as is necessary for receiving public assistance or reimbursement for repair, reconstruction, replacement or other damage to those buildings and/or contents caused by the Hurricane Katrina Disaster of 2005 or subsequent disasters. The board is authorized to expend funds from any available source for the purpose of obtaining and maintaining that property insurance. The board is authorized to enter into agreements with the Department of Finance and Administration, local school districts, community/junior college districts, community hospitals and/or other state agencies to pool their liabilities to participate in a group business property and/or business personal property insurance program, subject to uniform rules and regulations as may be adopted by the Department of Finance and Administration.

(l) The Board of Trustees of State Institutions of Higher Learning, or its designee, may approve the payment or reimbursement of reasonable travel expenses incurred by candidates for open positions at the board's executive office or at any of the state institutions of higher learning, when the job candidate has incurred expenses in traveling to a job interview at the request of the board, the Commissioner of Higher Education or a state institution of higher learning administrator.

(m) (i) The Board of Trustees of State Institutions of Higher Learning is authorized to administer and approve contracts for the construction and maintenance of buildings and other facilities of the state institutions of higher learning, including related contracts for architectural and engineering services, which are paid for with self-generated funds.

(ii) Additionally, the board is authorized to oversee, administer and approve contracts for the construction and maintenance of buildings and other facilities of the state institutions of higher learning, including related contracts for architectural and engineering services, which are funded in whole or in part by general obligation bonds of the State of Mississippi at institutions designated annually by the board as being capable to procure and administer all such contracts. Prior to the disbursement of funds, an agreement for each project between the institution and the Department of Finance and Administration shall be executed. The approval and execution of the agreement shall not be withheld by either party unless the withholding party provides a written, detailed explanation of the basis for withholding to the other party. The agreement shall stipulate the responsibilities of each party, applicable procurement regulations, documentation and reporting requirements, conditions prior to, and schedule of, disbursement of general obligation bond funds to the institution and provisions concerning handling any remaining general obligation bonds at the completion of the

project. Such agreement shall not include provisions that constitute additional qualifications or criteria that act to invalidate the designation of an institution as capable of procuring and administering such project. Inclusion of any such provisions may be appealed to the Public Procurement Review Board. This subparagraph (ii) shall stand repealed from and after July 1, 2022.

SECTION 5. Section 65-1-89, Mississippi Code of 1972, is amended as follows:

65-1-89. (1) Except as otherwise provided in subsection (2), every formal contract made by or on behalf of the Mississippi Transportation Commission for the construction of any building, highway, or work, or the doing of any repairs shall contain and include a provision for settlement by arbitration, if requested by either party to the contract, of all claims and disputes and other matters arising out of such contract, or the failure or refusal to perform the whole or any part thereof.

(2) An arbitration clause in any contract executed on or after July 1, 2021, is subject to the provisions of Section 1 of this act.

SECTION 6. Section 65-1-91, Mississippi Code of 1972, is amended as follows:

65-1-91. (1) Subject to the provisions in subsection (2), upon demand for arbitration by any party to a contract with the Mississippi Transportation Commission for the construction of any

building, highway or work, or the doing of any repairs, such arbitration shall proceed in all respects and shall have the same effect as authorized and provided by Sections 11-15-1 through 11-15-37. Any arbitration decision shall be binding.

(2) An arbitration clause in any contract executed on or after July 1, 2021, is subject to the provisions of Section 1 of this act.

SECTION 7. This act shall take effect and be in force from and after July 1, 2021.