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SFA**BILL ANALYSIS**

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House Bill 4103 (Substitute S-1 as reported)
Sponsor: Representative Andrew Raczkowski
House Committee: Family and Civil Law
Senate Committee: Judiciary

Date Completed: 4-29-99

RATIONALE

The small claims division of district court (small claims court) offers a forum for people to resolve relatively minor disputes without the expense of retaining an attorney or the formal procedures of higher courts. Parties to an action in small claims court waive the right to an attorney, to trial by jury, to recover more than the applicable jurisdictional amount, and, generally, to an appeal. The jurisdiction of the small claims court is limited to cases for the recovery of money, and the amount claimed may not exceed \$1,750. The jurisdictional ceiling of the small claims court has been at that level since July 1, 1992, when Public Act 192 of 1991 increased the limit from \$1,500. Since the limit has been at the same level for nearly seven years, and given that the district court's jurisdictional limit in civil matters increased from \$10,000 to \$25,000 as of January 1, 1998, some people believe that the small claims court's jurisdictional ceiling also should be increased.

CONTENT

The bill would amend the Revised Judicature Act to increase the jurisdiction of the small claims division of the district court from \$1,750 to \$3,000, as of January 1, 2000.

MCL 600.8401

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The \$1,750 jurisdictional limit of the small claims court has been in place for almost seven years and should now be increased. According to the Michigan Retailers Association, Michigan ranks among the lowest of the 50 states in the level of small claims court jurisdictional limits. The proposed change would be consistent with the recent elevation of the jurisdictional amount for the district court, enacted by

Public Act 388 of 1996. In addition, increasing the monetary claim limit would open the small claims court's streamlined procedures to more people, making the court system more accessible and user-friendly.

Further, the change could allow small claims court plaintiffs to pursue the full amount of their claims. Reportedly, some people who have claims of up to \$3,000 choose to file in small claims court for the current limit of \$1,750, rather than pursuing the full amount of their claims in district court, so that they may forego the cost of attorney fees. The bill would enable these plaintiffs to seek their entire claim. In addition, other potential plaintiffs who now choose simply not to file a case at all, could be more inclined to seek relief in small claims court.

Opposing Argument

Small claims court should be an arena in which the general citizenry can settle minor disputes. Increasing the jurisdictional limit could make the court more of a forum for businesses to collect bills. Reportedly, in fact, the majority of small claims court cases already are filed by small business owners, rather than individuals.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would have an indeterminate impact on the State and local units of government. In 1997 there were 99,824 cases filed in the small claims division of district court. General civil cases filed in district court totaled 160,441. Filing fees in general civil cases are set by MCL 600.8371 and range from \$17 to \$100, depending on the amount in controversy. Filing fees in the small claims division of district court are set by MCL 600.8420 and range from \$17 to \$32. There are no data available on the number of general civil cases that included claims between \$1,750 and \$3,000. Also, it is possible that new cases would result from increasing the jurisdictional limit for the small claims division to \$3,000. The following table shows the difference in filing fees for cases in which the amount in controversy exceeds \$1,750:

Amount in Controversy	MCL 800.8371	MCL 600.8420	Difference
	over \$1,750 to \$10,000	over \$600	
Fee	\$52.00	\$32.00	(\$20.00)
Disposition			
Community Dispute Resolution Fund	\$2.00	\$2.00	0
Judges Retirement System	\$13.50	\$9.00	(\$4.50)
District Control Unit	\$16.50	\$11.00	(\$5.50)
State Court Fund	\$20.00	\$10.00	(\$10.00)

Therefore, if a case for an amount over \$1,750 were filed in small claims court, the filing fee would be \$32, rather than \$52.

Fiscal Analyst: B. Bowerman

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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.