

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 226 (Substitute S-2 as passed by the Senate)
Sponsor: Senator Bill Bullard, Jr.
Committee: Judiciary

Date Completed: 1-27-98

RATIONALE

The Revised Judicature Act (RJA) provides that each district court has a "small claims division" (small claims court) and requires that a district court judge sit as judge of the small claims court. The small claims court offers an outlet for people legally 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 amended the RJA to increase the limit from \$1,500 and allow actions under the Consumer Protection Act to be brought in small claims court. Since the small claims court jurisdictional limit has been at the same level for over five 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.

court has been in place for more than five years and should now be increased. The change would be consistent with the recent elevation of the jurisdictional amount for the district court's exclusive jurisdiction, enacted by Public Act 388 of 1996. In addition, increasing the monetary claim limit would open the 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 more accurately the full amount of their claims. Some attorneys reportedly recommend that people seeking claims of up to \$3,000 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. Since those plaintiffs may already be filing in small claims court, the bill would allow them to seek their full claim.

Response: Small claims court should continue to be an arena in which the general citizenry can settle minor disputes. Increasing the small claims court limit could make the court more of a forum for businesses to collect bills.

Legislative Analyst: P. Affholter

CONTENT

The bill would amend the Revised Judicature Act to increase the jurisdictional limit for cases in small claims court from \$1,750 to \$3,000. The bill includes an effective date of January 1, 1998.

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

FISCAL IMPACT

The bill would have an indeterminate impact on the court system. The extent would depend on the number of cases that would use the small claims division. The total number of new cases filed in the small claims division of district court was 101,121 in 1996.

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.