

Legislative Analysis



SMALL CLAIMS COURT: REVISE NUMBER OF CLAIMS FILED PER WEEK

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House Bill 5221 (Substitute H-1)
Sponsor: Rep. Dave Hildenbrand
Committee: Judiciary

Complete to 6-28-06

A SUMMARY OF HOUSE BILL 5221 AS REPORTED FROM COMMITTEE

Currently, a person or entity may only file one claim in the small claims division of district court per week. The bill would amend the Revised Judicature Act to allow up to 10 claims to be filed in a week if the claims are filed on behalf of a county, city, or village.

MCL 600.8407

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on the judiciary and local units of government. There are no data to indicate how many small claims filings are made by the local units of government identified in the bill. Any fiscal impact on district courts and their funding units would depend on how the bill affected district court workloads. Local units of government utilizing small claims court could experience improved efficiencies.

BACKGROUND INFORMATION:

The bill was initiated at the request of the City of Grand Rapids. The city uses the small claims court to collect on small debts owed to the city, i.e., unpaid parking tickets, personal property taxes, and inspection and registration fees. However, due to the restriction on the number of claims that may be filed by any one person per week, the city has accrued a backlog of 1,275 claims representing \$593,000. Many of these cases are reaching the six-year statute of limitations and soon will be uncollectible. It is believed that if the number of claims municipalities could file in a week were increased, fewer of the debts would expire. Revenues collected through the small claims process could then be used to support a municipality's public services and infrastructure, and, in the case of personal property tax, provide revenue for the state School Aid Fund, local and intermediate school districts, and community colleges. Furthermore, collecting debts via claims in small court reduces the need for municipalities to seize personal property to settle the debt.

Critics have raised concerns in the past that non-attorneys who represent frequent users of small claims court may develop experience that gives them an unfair advantage over the

opposing parties, who may be unfamiliar with the court process and procedures. Allowing local governments to file more frequently than others could further contribute to this concern.

POSITIONS:

A representative of the City of Grand Rapids testified in support of the bill. (6-28-06)

The Michigan Association of Counties indicated support for the concept of the bill. (6-28-06)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marilyn Peterson

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.