

Legislative Analysis



SMALL CLAIMS COURT: REVISE NUMBER OF CLAIMS GOV'T ENTITY MAY FILE PER WEEK

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House Bill 5221 as enrolled
Public Act 486 of 2006
Sponsor: Rep. Dave Hildenbrand
House Committee: Judiciary
Senate Committee: Judiciary

First Analysis (1-29-07)

BRIEF SUMMARY: The bill would increase from five to twenty the number of claims that may be filed in small claims court in one week on behalf of local units of government.

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.

THE APPARENT PROBLEM:

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.

THE CONTENT OF THE BILL:

Currently, a person or entity may only file five claims in the small claims division of district court per week. The bill would amend the Revised Judicature Act to allow a person to file up to 20 claims in small claims court in a week if the claims were filed on behalf of a county, city, village, or township. The limit of five claims per week would remain for all other filings. The bill would take effect January 1, 2007.

MCL 600.8407

ARGUMENTS:

For:

Proponents of the bill believe that if the number of claims municipalities could file in a week were increased, fewer of the debts owed to the entities would expire. Revenues collected through the small claims process (i.e., unpaid parking tickets) 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 a debt.

Against:

Critics have raised concerns in the past that 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.

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