

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 434
Judiciary

(Delegate Frush)

District Court - Small Claim Actions

This bill increases the maximum amount in controversy in a civil action for which the District Court has exclusive jurisdiction, from \$5,000 to \$10,000. The bill also increases from \$5,000 to \$10,000, the amount in controversy: (1) above which the District Court and the circuit courts have concurrent jurisdiction in civil cases; and (2) for which an appeal of a judgment in a civil case from the District Court must be based on the District Court record.

The bill applies to cases filed on or after the October 1, 2011 effective date.

Fiscal Summary

State Effect: Minimal increase in State revenues from cases shifting from the circuit courts to the District Court. Any increase in workload for the District Court can be handled with existing resources.

Local Effect: Minimal decrease in local revenues from cases shifting from the circuit courts to the District Court. Minimal decrease in local expenditures from reduced circuit court caseloads.

Small Business Effect: Potential minimal impact on small businesses that can litigate cases in small claims court as a result of the bill.

Analysis

Current Law: A civil case involving an amount in controversy of \$5,000 or less *must* be filed in the District Court. In general, a plaintiff may file a suit in “small claims court” if (1) the amount in controversy is \$5,000 or less; (2) the claim is only for money; and (3) there are no plans to request discovery, such as interrogatories, *etc.* Small claims are often filed *pro se* (self-representation) and are handled less formally. The rules of procedure and evidence are simplified in small claims court to make it easier for parties to represent themselves.

A case involving more than \$30,000 must be filed in circuit court. A plaintiff may elect to file a case involving an amount more than \$5,000 and not more than \$30,000 in the District Court or a circuit court.

If the amount in controversy exceeds \$15,000, a plaintiff who files suit in a circuit court may elect to have a jury trial. If the plaintiff files such a case in the District Court, the defendant may elect to have a trial by jury and the case must be transferred from the District Court to circuit court.

Replevin cases, landlord/tenant cases, municipal infraction, and zoning violations, no matter how much money is involved, must be filed in the District Court.

An appeal from a civil action in the District Court in which the amount in controversy exceeds \$5,000 must be heard by the circuit court on the District Court record rather than heard *de novo*.

Background: In fiscal 2009, 389,599 civil cases were filed in the District Court and 91,046 civil cases were filed in the circuit courts. In 2003, the maximum amount in controversy that determines the exclusive jurisdiction of the District Court in civil cases was increased from \$2,500 to \$5,000.

State Fiscal Effect: Although this bill could result in additional case filings for the District Court, the exact number of cases that would be shifted from the circuit courts to the District Court as a result of this bill cannot be determined at this time. However, since many cases with an amount in controversy of more than \$5,000 and less than \$10,000 are already filed in District Court, any increase in the number of small claims cases (and corresponding reduction in the number of large claims cases) is not expected to have a significant impact on District Court operations. Although small claims cases, which are often filed *pro se*, may require personnel in the District Court clerk’s office to answer questions and assist litigants to some extent, cases with attorney representation (of which there presumably would be fewer) can be more complicated. An increase in small claims, which are filed *pro se*, could increase demands on District Court personnel.

However, this could also result in fewer cases filed by attorneys, which are typically more costly to litigate. Consequently, the bill's changes could be handled by the District Court with existing budgeted resources.

Any shift in caseload from the circuit courts to the District Court would also result in a shift in fee revenue; county revenues would decrease and State revenues would increase. The basic civil case filing fee in circuit court is currently \$80, and the basic civil case filing fee for a small claim in District Court is currently \$28 (\$38 for a large claim). However, any revenue shift resulting from this bill is not expected to significantly impact State finances.

Small Business Effect: This bill would increase the range of cases that could be considered small claims. Small businesses could therefore benefit from being able to file and litigate such claims in District Court without hiring an attorney to represent the entity.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Legislative Services

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