

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 500

(Senator Norman)

Judicial Proceedings

Judiciary

Small Claim Action Appeals From District Court - Nonattorney Representation

This bill exempts specified representatives or designees of a corporation, partnership, limited liability company, or business entity from the requirement of admission to the Bar of Maryland and other requirements set by the Maryland Court of Appeals for representing the entity in an *appeal* from the District Court of Maryland in a small claims case. Under existing statute, these individuals are exempt from bar admission and other requirements in a small claims case in the District Court of Maryland.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances or District Court operations.

Local Effect: The bill is not expected to materially affect local finances or circuit court operations.

Small Business Effect: Potential meaningful effect on small businesses that do not have to hire legal counsel in appeals from the District Court as a result of the bill. Potential meaningful impact on small business law firms that represent small businesses in these appeals.

Analysis

Current Law: The District Court has exclusive jurisdiction over a small claims action, defined as a civil action for money in which the amount claimed does not exceed \$5,000 exclusive of interest, costs, and attorney's fees, if attorney's fees are recoverable by law or contract.

To practice law in the State, an individual must be admitted to the Bar of Maryland and meet any requirement the Court of Appeals sets by rule. However, there are specified exceptions to this rule, including specified representatives of business entities or their designees appearing on behalf of the entity in specified actions in the District Court of Maryland.

The following individuals are exempted from the requirements listed above in a civil action that does not exceed the amount for small claims actions in the District Court: an officer of a corporation (or the officer's employee-designee), a partner in a business operated as a partnership (or a partner's employee-designee), a member of a limited liability company (or an employee-designee of the company), or an employee designated by the owner of a business operated as a sole proprietorship while the individual is appearing on behalf of the entity in the action.

The exemption applies so long as the action meets the small claims jurisdiction of the District Court and is not based on an assignment to the business entity of the claim of another. Also, the exemption applies if the business entity does not contract, hire, or employ another business entity to provide appearance services.

For the exemption to apply to an employee-designee, the employee-designee (1) must not be assigned on a full-time basis to appear in the District Court on behalf of the corporation, partnership, or business; (2) must submit to the court a power of attorney sworn to by the employer that certifies that the designated employee is an authorized agent of the business entity and may bind the business entity on matters pending before the court; and (3) must not be an individual who is disbarred or suspended as a lawyer in any state.

Additional Comments: The bill is unlikely to lead to increased litigation but makes it less expensive for corporate plaintiffs and defendants in small claims matters to note an appeal.

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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