

HIKE DISTRICT COURT LIMIT

House Bill 4993 with committee amendment
First Analysis (9-29-93)

Sponsor: Rep. Nick Ciaramitaro
Committee: Judiciary

THE APPARENT PROBLEM:

The civil jurisdiction of the district court is limited to cases where the amount in dispute is \$10,000 or less; cases involving more money must go to the circuit court. The figure has been targeted for change for several reasons. For one thing, it has remained unchanged since 1971, when it replaced an earlier limit of \$3,000. An adjustment for inflation would appear to be long overdue. However, such an adjustment is being strongly urged by many for additional reasons. An increase in the jurisdictional limit was recommended in 1990 by the Commission on the Courts in the 21st Century as one step in the transition to a fully unified trial court. More recently, an increase in the jurisdictional limit was recommended in the September 1993 report of the State Bar Task Force on the Appellate Courts. As appeals from the district court go to the circuit court, rather than directly to the court of appeals as appeals from the circuit court do, an increase in the jurisdictional limit was recommended by the state bar task force as a means of helping to ease the docket problems for the court of appeals.

Many have pointed out that if the workload of the district court is to be increased in this manner, there should be some resolution of a related problem for the district court. This problem stems from a conflict between court rules and the Revised Judicature Act. Court rules allow the circuit court to send a case to district court when the total damages sustained, without regard to liability, may be less than the jurisdictional limit of the district court. Statute, however, allows remand when it appears "that the amount of damages sustained may be less than the jurisdictional limitation" for the district court; this language evidently has been interpreted by some circuit judges as allowing them to remand cases where a plaintiff's proportionate liability might reduce his or her damage award to an amount that fell below the district court limit. It has been proposed that this conflict between court rule and statute be resolved in favor of court rule.

THE CONTENT OF THE BILL:

The bill would amend the Revised Judicature Act to increase the district court civil jurisdictional limit. At present, the district court has exclusive jurisdiction in civil matters when the amount in controversy does not exceed \$10,000; the bill would raise this amount to \$25,000.

The bill also would repeal a section of the act (MCL 600.641) that provides for the circuit court to send a case to district court when it appears that the amount of damages may be less than the district court jurisdictional limit.

The bill would take effect April 1, 1994, but it could not take effect unless House Bill 4873 (which proposes a revision of court fees) was enacted.

MCL 600.8301

FISCAL IMPLICATIONS:

There is no fiscal information at present. (9-28-93)

ARGUMENTS:

For:

The bill would increase the civil jurisdictional limit of the district court, thus adjusting the figure for over twenty years' worth of inflation, accommodating (with minor revision) a recommendation of the Commission on the Courts in the 21st Century, and following a state bar recommendation that the jurisdictional limit be increased as one means of helping to ease the burdens on the court of appeals (the increase would have this effect because appeals from the district court go to the circuit court, not directly to the court of appeals). Although the bill would create additional workload for the district court, this effect would be offset by elimination of a statutory conflict with court rule that has increased district court caseloads in some places.

POSITIONS:

There are no positions at present. (9-28-93)