

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 939

SHORT TITLE: Raise Small Claims

SPONSOR(S): Rep. Goodwin

FISCAL IMPACT

Yes () No (X) No Estimate Available ()

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES

EXPENDITURES *Any fiscal impact could be absorbed with existing resources.*

POSITIONS:

**PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED:** Judicial Branch

EFFECTIVE DATE: October 1, 1999 and applies to claims filed for causes of action arising on or after that date.

BILL SUMMARY:

RAISE SMALL CLAIMS AMOUNT. TO INCREASE THE AMOUNT THAT MAY BE IN CONTROVERSY IN SMALL CLAIMS COURT. Amends GS 7A-210 to increase from \$3,000 to \$4,000 maximum amount in controversy for small claims cases. Effective July 1, 1999.

Source: Institute of Government, Daily Bulletin, April 7, 1999.

RAISE SMALL CLAIMS AMOUNT. Intro. 4/7/99. House committee substitute makes the following changes to 1st edition. Increases to \$5,000 (now, \$3,000; was, \$4,000) the maximum amount that may be in controversy in small claims court. Makes act effective Oct. 1, 1999 (was, July 1, 1999).

Source: Institute of Government, Daily Bulletin, April 21, 1999.

ASSUMPTIONS AND METHODOLOGY:

Judicial Branch

According to the Administrative Office of the Courts (AOC), there were 281,133 small claims filings in district court during fiscal 1997-98 with a maximum claim amount of \$3,000. Raising the maximum claim amount to \$5,000 may increase the number of cases and their complexity. Some of the general civil filings would become eligible for small claims filings. The AOC does not have an estimate of the additional number of cases possible or the number to be moved from district court filings to small claims filings.

Because the judge decides whether the case is assigned to a magistrate or whether it stays on the regular district court civil docket, court resources can be effectively used. It is unknown how the judges would assign cases with a higher claim amount. If the nature of the cases changes from predominantly collections cases to cases with more complex legal and factual issues such as automobile negligence and minor personal injury cases, additional court resources may be used to hear the cases and there may be a greater incidence of appeals. The Fiscal Research Division believes that raising the maximum claim amount to \$5,000 would not have a significant fiscal impact on the court system because judges have discretion in deciding where these cases are to be heard.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Tammy Lester

APPROVED BY: Tom Covington

DATE: Monday, May 24, 1999



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