

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3038/2	Introduction Number SB-352
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Description
 The jurisdictional amount and court fees in certain small claims actions

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Appropriations	
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5.Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By CTS/ Nancy Rottier (608) 267-9733	Authorized Signature Nancy Rottier (608) 267-9733	Date 1/12/2010
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Fiscal Estimate Narratives

CTS 1/12/2010

LRB Number	09-3038/2	Introduction Number	SB-352	Estimate Type	Original
Description The jurisdictional amount and court fees in certain small claims actions					

Assumptions Used in Arriving at Fiscal Estimate

This bill increases the jurisdictional amount in certain small claims court actions and raises the filing fees for plaintiffs in most small claims actions. Under current law, claims for money damages, attachment, garnishment, or to enforce a lien, in small claims court actions cannot exceed \$5,000.

Under this bill, the jurisdictional amount would be raised to a \$10,000 limit for the types of actions above for those plaintiffs who have filed 20 or fewer small claims court actions in the preceding 365 days. For those plaintiffs who have filed more than 20 small claims court actions in the preceding 365 days, the jurisdictional amount would remain at \$5,000.

In addition, this bill would increase the filing fee for most small claims court actions. The current filing fee would remain \$22 for those filing small claims court actions for evictions, returns of earnest money, forfeitures, replevins and arbitration. Some exceptions to the current \$22 filing fee are not impacted by this bill. For claims for money damages, attachment, garnishment, or to enforce a lien, the filing fee would be increased. For those plaintiffs who have filed 20 or fewer small claims actions, the fee would be 150 percent of the regular fee or \$33. For those who have filed more than 20 small claims actions, the fee would be 200 percent of the regular fee or \$44.

The fiscal impact of the provision raising the jurisdictional limit will depend on the number of current large civil claims (those claiming more than \$5,000) that will be allowed to be filed as small claims cases. For every case filed as a small claim, there will be a loss of \$148.00 to the state general fund, \$19.80 to the general fund of the county where the action is filed and \$3.20 to CCAP (Consolidated Court Automation Programs).

The loss per case of \$148.00 is comprised of two parts, \$30.00 because of the lower small claims filing fee and \$118.00 because of the lower court support services surcharge (CSSS). The loss per case for the counties and for CCAP is due to the lower small claims filing fee. These figures are detailed in the attached spreadsheet.

We estimate there are 3,867 large civil claims that fall between \$5,000 and \$10,000, based on an analysis of current docketed judgments. Based on a sample of docketed judgments, approximately 11% (10.67%) of judgments were between \$5,000 and \$10,000. In 2008 there were 35,153 large civil claims filed statewide (excluding Portage County). Using the 11% figure, the number of large civil claims eligible to be transferred to small claims court is 3,867.

This number of eligible large civil claims is limited by the percentage of plaintiffs who meet the other requirements of the bill. Under the terms of the bill, plaintiffs who have filed more than 20 small claims court actions in the preceding 365 days would continue to be limited to the \$5,000 jurisdictional amount. For purposes of this estimate, we have assumed 75% of the small claims actions will be subject to the \$5,000 jurisdictional amount and 25% of the small claims actions will be subject to the \$10,000 jurisdictional amount. This assumption is based on an analysis of the plaintiffs in nearly 20,000 small claims cases filed in Milwaukee and Dane Counties in the first six months of 2009.

Using the estimate of 3,867 large civil claims times the 25% eligible to use the higher jurisdictional amount, results in a loss of revenue of \$165,357. These figures are detailed on the attachment to this fiscal estimate.

The fiscal impact of the increase in filing fees will depend on the percentage of filers who are subject to the \$33 filing fee or the \$44 filing fee. In 2008 there were 143,308 small claims actions filed that will be impacted by this bill. For purposes of this estimate, we have again assumed 25% of the small claims actions will be subject to the \$33 filing fee and 75% of the small claims actions will be subject to the \$44 filing fee. This assumption is based on the analysis of Milwaukee and Dane County cases referred to above.

Using this assumption, it is estimated there will be an additional \$2,718,065 of revenue raised under this bill, with all revenues distributed to the general funds of the counties.

The net fiscal impact of the bill is a decrease in revenues to the state general fund of \$143,116, a decrease in revenues to CCAP of \$3,094.40 and a net increase in revenues to the counties of \$2,750,169.40.

The fiscal impact is based on assumptions as detailed above. To the extent any of these assumptions are not borne out by actual experience, the fiscal impact could vary. For instance, the number of cases that would be eligible to be filed as small claims with a \$10,000 jurisdictional limit may be greater or lesser than the assumptions used. If the number shifted from large claims to small claims is greater than estimated, then there will be a greater revenue loss to the state. The percentage of plaintiffs who exceed the more than 20 cases filed in a year threshold may also vary from the assumptions used here, resulting in a change in the revenues generated from the filing fees.

Long-Range Fiscal Implications

AB 524/SB 352: Analysis of Fiscal Effects

Increase of Small Claims Limit for Certain Cases

		<u>Current Law</u>		<u>AB 524/SB 352</u>
	Small Claims	Large Claims	Difference Per Case	Estimated # of Cases 3,867 X 25% = 967
Revenue	Single Case	Single Case		
Filing Fee	\$22.00	\$75.00	(\$53.00)	(\$51,251.00)
CSSS	\$51.00	\$169.00	(\$118.00)	(\$114,106.00)
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$265.50	(\$171.00)	(\$165,357.00)
Distribution				
County General Fund	\$10.20	\$30.00	(\$19.80)	(\$19,146.60)
State General Fund	\$52.00	\$200.00	(\$148.00)	(\$143,116.00)
CCAP	\$17.80	\$21.00	(\$3.20)	(\$3,094.40)
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$265.50	(\$171.00)	(\$165,357.00)

Increase of Limit to \$10,000 and of Filing Fee to \$33.00

	Small Claims	Claims Between \$5,000 and \$10,000 20 or fewer cases	Difference Per Case	Estimated # of Cases (143,308 X 25%) + 967 = 36,794
Revenue	Single Case	Single Case	Single Case	
Filing Fee	\$22.00	\$33.00	\$11.00	\$404,734.00
CSSS	\$51.00	\$51.00	\$0.00	\$0.00
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$105.50	\$11.00	\$404,734.00
Distribution				
County General Fund	\$10.20	\$21.20	\$11.00	\$404,734.00
State General Fund	\$52.00	\$52.00	\$0.00	\$0.00
CCAP	\$17.80	\$17.80	\$0.00	\$0.00
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$105.50	\$11.00	\$404,734.00

Retain \$5,000 Limit and Increase of Filing Fee to \$44.00

Revenue	Small Claims Single Case	Claims Between \$5,000 and \$10,000 21 or more cases Single Case	Difference Per Case Single Case	Estimated # of Cases (143,308 X 75%) = 107,481
Filing Fee	\$22.00	\$44.00	\$22.00	\$2,364,582.00
CSSS	\$51.00	\$51.00	\$0.00	\$0.00
JISS	\$21.50	\$21.50	\$0.00	\$0.00
Total Collected	\$94.50	\$116.50	\$22.00	\$2,364,582.00
Distribution				
County General Fund	\$10.20	\$32.20	\$22.00	\$2,364,582.00
State General Fund	\$52.00	\$52.00	\$0.00	\$0.00
CCAP	\$17.80	\$17.80	\$0.00	\$0.00
JIS/OJA	\$14.50	\$14.50	\$0.00	\$0.00
Total Distributed	\$94.50	\$116.50	\$22.00	\$2,364,582.00

Net Fiscal Impact

Revenue	
Filing Fee	\$2,718,065.00
CSSS	(\$114,106.00)
JISS	\$0.00
Total Collected	\$2,603,959.00
Distribution	
County General Fund	\$2,750,169.40
State General Fund	(\$143,116.00)
CCAP	(\$3,094.40)
JIS/OJA	\$0.00
Total Distributed	\$2,603,959.00

Abbreviations:

- CSSS = Court Support Services Surcharge
- JISS = Justiste Information System Surcharge
- CCAP = Consolidated Court Automation Programs
- JIS = Justice Information Systems
- OJA = Office of Justice Assistance