

HB

227

ALASKA STATE LEGISLATURE

Rep. Lesil McGuire, Chair
Rep. Tom Anderson, Vice-Chair
Rep. Dan Ogg
Rep. Jim Holm
Rep. Ralph Samuels
Rep. Les Gara
Rep. Max Gruenberg



State Capitol, Room 120
Juneau, AK 99801-1182
(907) 465-4990
Fax (907) 465-6592

House Judiciary Committee

MEMORANDUM

To: Senator Ralph Seekins, Chair
Senate Judiciary Committee

From: Representative Lesil McGuire, Chair *LM*
House Judiciary Committee

Date: April 21, 2004

Re: Request for Hearing, CSHB 227(JUD): District Courts & Small Claims

I respectfully request that CSHB 227(JUD): District Courts & Small Claims, be scheduled for a hearing in the Senate Judiciary Committee at your earliest convenience. I have included the following in the bill packet for your information:

1. Sponsor Statement
2. Sectional Analysis
3. CSHB 227 (JUD)
4. Fiscal Notes

If you have any questions please feel free to contact me personally, or my staff, Vanessa Tondini, at 4990. Thank you for your time and consideration.

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House Judiciary Committee

Sponsor Statement CSHB 227 (JUD)

"An Act increasing the jurisdictional limit for small claims and for magistrates from \$7,500 to \$10,000; increasing the jurisdictional limit of district courts in certain civil cases from \$50,000 to \$100,000; expanding the jurisdiction of district courts; and amending Rule 11(a)(4), Alaska District Court Rules of Civil Procedure, relating to service of process for small claims."

The jurisdictional limit for district courts was last raised in 1990 when the legislature raised the limit from \$35,000 to \$50,000. By raising the jurisdictional limit from \$50,000 to \$100,000, this bill will allow for increases in inflation and provide increased flexibility for litigants regarding whether to file in district court or superior court.

The jurisdictional limit on small claims court and magistrate court was last raised in 1997 when the legislature raised the limit from \$5000 to \$7500. Small claims court offers many advantages over district court to private litigants, including less formal discovery requirements, reduced filing fees, and relaxed evidentiary rules. This bill will increase the limit to \$10,000.

The bill also removes prohibitions against the district court hearing claims for false imprisonment, libel, slander, and malicious prosecution. These restrictions were adopted shortly after statehood. District court judges are well qualified and there is no reason to prohibit them from hearing these types of cases.

Finally, the bill will expand small claims jurisdiction over out-of-state defendants. Under current law, small claims actions against out-of-state defendants may only be brought under the landlord-tenant act or under AS 09.05.020, which authorizes service of process against owners or operators of motor vehicles involved in an accident in the state. The bill would authorize small claims jurisdiction over out-of-state defendants under traditional long-arm principles. This expanded long-arm jurisdiction is limited to district court judges. Magistrates will continue to be limited by the standards set forth in current law.

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Sectional Analysis CSHB 227 (JUD)

"An Act increasing the jurisdictional limit for small claims and for magistrates from \$7,500 to \$10,000; increasing the jurisdictional limit of district courts in certain civil cases from \$50,000 to \$100,000; expanding the jurisdiction of district courts; and amending Rule 11(a)(4), Alaska District Court Rules of Civil Procedure, relating to service of process for small claims."

Section 1 increases the jurisdictional limit of district courts from \$50,000 to \$100,000.

Sections 2 increases the jurisdictional limits of the small claims court from \$7500 to \$10,000.

Section 3 extends the jurisdiction of the district court to include claims for false imprisonment, libel, slander and malicious prosecution.

Section 4 increases the jurisdictional amount for claims heard by magistrates from \$7500 to \$10,000.

Section 5 precludes magistrates from hearing cases brought under the expanded small claims jurisdiction over out-of-state defendants provided for in Section 6 of the bill. Magistrates will continue to be able to hear claims against out-of-state defendants only under the landlord-tenant act or in accordance with the AS 09.05.20 relating to service of process on nonresident owner or operator of motor vehicle.

Section 6 amends District Court Rule 11(a) to allow suits in small claims court against out-of-state defendants under traditional long-arm jurisdictional authority.

Section 7 provides that sections 5 and 6 of the bill only take effect if the court rule change in section 6 of the bill receives the two-thirds majority vote of each house required by art. IV, sec. 15 of the Alaska Constitution.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 227
 (H) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title District courts and small claims BRU Alaska Court System
 Component Trial Courts
 Sponsor House Judiciary Committee
 Requester House Labor and Commerce Component No. 768

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2004) cost: *
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 House Bill 227 will increase the jurisdictional limit of the district court from \$50,000 to \$75,000 per defendant. The court does not anticipate a significant impact from this change. The bill also increases the jurisdictional limit of small claims court from \$7,500 to \$10,000 and allows a plaintiff to sue an out-of-state defendant in those cases where the claim arose in Alaska. Both changes are likely to increase the number of cases filed in small claims court. The cases with out-of-state defendants are likely to be more lengthy than would otherwise be the case. However, because the increase in the number of cases filed in small claims court will be partially offset by a corresponding decrease in the number of cases filed in the district court and because the number of likely out-of-state defendants is unknown, the impact of the passage of HB 227 is too speculative to support a fiscal note at this time. If the impact turns out to be significant the court may return to the legislature with a request for additional funding.

Prepared by: Douglas Wooliver, Administrative Attorney Phone 463-4750
 Division Alaska Court System Date/Time 1/16/04 8:17 AM
 Approved by: Stephanie Cole, Administrative Director Date 1/16/2004
 Agency Alaska Court System

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 227(JUD)
 (H) Publish Date: 4/19/04

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title District courts and small claims BRU Alaska Court System
 Component Trial Courts
 Sponsor House Judiciary Committee
 Requester _____ Component No. 768

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
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1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2004) cost: *
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Committee Substitute for HB 227 will increase the jurisdictional limit of the district court from \$50,000 to \$100,000 per defendant. The bill also increases the jurisdictional limit of small claims court from \$7,500 to \$10,000 and allows a plaintiff in small claims court greater ability to sue an out-of-state defendant. Both changes to small claims court are likely to increase the number of cases filed. The cases with out-of-state defendants are likely to be more lengthy than would otherwise be the case. However, because the increase in the number of cases filed in small claims court will be partially offset by a corresponding decrease in the number of cases filed in the district court and because the number of likely out-of-state defendants is unknown, the impact of the passage of CSHB 227 is too speculative to support a fiscal note at this time. If the impact turns out to be significant the court may return to the legislature with a request for additional funding.

Prepared by: Douglas Wooliver, Administrative Attorney Phone 463-4750
 Division Alaska Court System Date/Time 4/7/04 12:10 PM
 Approved by: Stephanie Cole, Administrative Director Date 4/7/2004
 Agency Alaska Court System