

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6421

BILL NUMBER: HB 1110

NOTE PREPARED: Apr 6, 2021

BILL AMENDED: Apr 5, 2021

SUBJECT: Small Claims Court Procedures.

FIRST AUTHOR: Rep. Bartels

FIRST SPONSOR: Sen. Baldwin

BILL STATUS: As Passed Senate

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that a small claims court has jurisdiction over claims that do not exceed \$10,000.

Effective Date: July 1, 2021.

Explanation of State Expenditures:

Explanation of State Revenues: If more cases are filed in small claims court, the bill could reduce the revenue from civil filing fees and court administration fees that would be deposited into the state General Fund by an indeterminable amount.

The filing fee for a small claims case is \$35 (except for Marion County Township Courts) while the filing fee for a civil case is \$100. The number of cases where the amount in dispute is valued between \$8,000 and \$10,000 is not known.

In trial courts other than Marion County's, the change in the threshold from \$8,000 to \$10,000 will reduce revenue to the state General Fund if these actions are filed as small claims cases instead of civil plenary cases. The fee for a small claims case is \$35, of which \$24.50 is deposited in the state General Fund. Consequently, the revenue loss to the state General Fund is \$45.50 for each case that would otherwise have been filed as a civil case.

1. Because no revenue is deposited into the state and the Marion County general fund from filing fees paid to Marion County township small claims courts, the state General Fund will lose \$70 (70% of the \$100

civil filing fee) for every case that is no longer filed in Marion County trial courts.

2. For every case filed in Marion County township small claims courts, the state General Fund will lose \$2 of the court administration fee because the township trustee receives 40% of the \$5 court administration fees paid by a litigant (IC 33-34-8-3(e)).

Explanation of Local Expenditures: Increasing the threshold to \$10,000 and the subsequent adjustments may increase the caseload of the small claims court and reduce the caseload for trial courts.

Explanation of Local Revenues: *Counties other than Marion County:* The local general funds receive 30% of the court fees. In the case of civil fees (\$100), they receive \$30, while in small claims cases (\$35), they receive \$10.50. Consequently, the local loss would be \$19.50 (30% for county and municipal units) for each case that would otherwise have been filed as a civil torts case in trial courts.

County Revenue Loss in Marion County: The filing fee for a small claims case in Marion County is \$37. The Marion County Township Court receives 100% of the small claims filing fee.

For each case filed as a small claims case instead of a civil plenary case, Marion County would lose \$30 from court fees no longer filed in the trial courts. [Marion County Small Claims Courts have jurisdiction with Marion County's circuit and superior courts in all civil cases founded on contract or tort in which the claim does not exceed \$8,000.]

Increasing the jurisdictional amount will increase the number of filings in Marion County Township Courts and reduce the number in Marion County courts of record. This will, as a result, reduce the revenue deposited into the general fund of Marion County and increase the revenue deposited into general funds of Marion County's townships by \$37 (45% of the \$70 infraction or ordinance violation cost fee plus \$5; rounded up to the nearest dollar).

Revenue from the document storage fee (\$2), document fee (\$1), and service fee (\$10) would also be lost to the Marion County general fund if persons no longer file civil cases in Marion County trial courts.

In CY 2019, 42,645 small claims actions were filed in the Marion County small claims court, and 2,374 civil plenary actions were filed in the Marion County courts of record. No information is available regarding the number of cases where the amounts are between \$8,000 and \$10,000.

State Agencies Affected: Indiana Supreme Court.

Local Agencies Affected: Trial courts; local courts; Marion County Small Claims Court.

Information Sources: Indiana Supreme Court, Office of Court Services, Indiana Trial Court Fee Manual (2020), <https://www.in.gov/judiciary/iocs/files/courtmgmt-pubs-trial-court-fee-manual.pdf>. 14

Fiscal Analyst: Corrin Harvey, 317-234-9438.