

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1109

(Delegate Ramirez, *et al.*)

Judiciary

Judicial Proceedings

District Court - Civil Jurisdiction - Amount in Controversy

This bill expands the District Court's original civil jurisdiction by increasing the limit on the amount of debt or damages that may be claimed in contract, tort, or attachment before judgment cases from \$25,000 to \$30,000 (exclusive of interest, costs, and attorney's fees).

Fiscal Summary

State Effect: This bill would marginally increase case filings in the District Court, and decrease filings in the circuit court, with associated changes in workload and filing fee revenues. The net fiscal effect is uncertain.

Local Effect: See above.

Small Business Effect: Potential minimal.

Analysis

Current Law: The District Court of Maryland was created by an amendment to the Maryland Constitution in 1970, and began operating as a court of record in 1971. Located in all counties and Baltimore City, it operates as a unified system with a statewide jurisdiction. The District Court has jurisdiction over specific types of cases.

The District Court hears a variety of civil and criminal cases. Its exclusive civil jurisdiction includes the following types of cases: (1) civil cases involving claims up to \$5,000; (2) landlord-tenant disputes; and (3) replevin claims. The District Court does not

hear civil cases involving claims above \$25,000. In general, the District Court has concurrent jurisdiction with the circuit courts in claims for amounts above \$5,000 but less than \$25,000.

Background: Chapter 673 of 1998 increased the amount in controversy that determines the civil jurisdiction of the District Court from \$20,000 to \$25,000. The Judiciary estimates that there will be 313,000 civil filings in the District Court in fiscal 2008, and 63,000 civil filings in the circuit courts.

State/Local Fiscal Effect: This bill would marginally increase the number of cases brought in District Court, and reduce the number of cases brought in the circuit courts by a similar amount.

The Judiciary advises that it cannot reliably estimate the number of cases that would move from circuit court to District Court as a result of this bill. Lawsuits involving between \$25,000 and \$30,000 could be brought initially in either circuit court or District Court. Also, any party could have a case transferred to circuit court by asking for a jury trial. The Judiciary advises that although it saw a slight increase in civil filings after the jurisdictional amount was raised in 1998, it cannot determine how much of this increase resulted from the change in jurisdictional amount and how much was the result of other factors.

The State pays for all costs associated with the District Court, and for several expenses associated with the circuit courts, including judge's salaries, operations of the clerk's office, law clerks, and stipends for jury service. Local governments fund the operating costs and administrative support of the circuit courts. In fiscal 2005, the State paid a total of \$118.4 million toward the total expenses of the circuit courts, while local governments contributed \$42.5 million.

Civil filing fees for both court systems are deposited into the State general fund. This bill would probably reduce the total amount collected by the Judiciary in filing fees, since the base fee for a civil filing is \$80 in circuit court and \$20 in District Court, excluding special fund surcharges.

The bill could also probably decrease the net workload of the Judiciary, since the simplified procedures of the District Court allow cases to be resolved more quickly. It is possible that the District Court could require new personnel to handle the additional caseload, while local governments could reduce circuit court expenditures by cutting administrative support personnel. It is unlikely that this bill would either reduce or increase the need for judgeships in an individual district or circuit.

Small Business Effect: District Court cases usually proceed more quickly and follow more simplified procedures than circuit court cases. Consequently, this bill could result in accelerated resolution and reduced legal costs for small businesses that file lawsuits involving between \$25,000 and \$30,000 in the District Court instead of the circuit courts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Baltimore City Circuit Court Clerk's Office, Montgomery County Circuit Court Clerk's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2007
ncs/jr

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