

SENATE BILL REPORT

SB 5621

As Reported by Senate Committee On:
Law & Justice, February 14, 2019

Title: An act relating to increasing the jurisdictional amount for small claims courts.

Brief Description: Increasing the jurisdictional amount for small claims courts.

Sponsors: Senators Warnick, Padden, Holy, Wagoner and Wilson, L..

Brief History:

Committee Activity: Law & Justice: 2/05/19, 2/14/19 [DPS, w/oRec, DNP].

Brief Summary of First Substitute Bill

- Raises the jurisdiction of small claims court from \$5,000 to \$10,000 in cases brought by a natural person.
- Defines natural person as a human being.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5621 be substituted therefor, and the substitute bill do pass.

Signed by Senators Pedersen, Chair; Dhingra, Vice Chair; Kuderer and Salomon.

Minority Report: That it be referred without recommendation.

Signed by Senators Holy and Wilson, L..

Minority Report: Do not pass.

Signed by Senator Padden, Ranking Member.

Staff: Shani Bauer (786-7468)

Background: Small claims court is a department of the district court. The hearing and disposition of a small claims court action are informal and generally the parties may not be represented by attorneys without permission from a judge. The parties may offer evidence through witness testimony and the judge may informally consult witnesses or otherwise

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

investigate the controversy. The hearing and disposition of small claims court actions is informal, with the objective of dispensing speedy and quick justice between the litigants.

The jurisdiction of the small claims court is limited to cases for the recovery of money where the amount claimed does not exceed \$5,000. This dollar limit has been raised twice—in 2008 from \$4,000, and in 2001 from \$2,500.

Summary of Bill (First Substitute): The jurisdiction of small claims court is raised from \$5,000 to \$10,000 in cases brought by a natural person. The jurisdictional limit for all other small claims court cases remains at \$5,000. Natural person is defined as human being.

EFFECT OF CHANGES MADE BY LAW & JUSTICE COMMITTEE (First Substitute): The jurisdictional limit of the small claims department is increased to \$10,000 in cases brought by a natural person and remains at \$5,000 for all other cases. Natural person is defined as a human being.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This is an access to justice issue. Courts are clogged and this bill allows people an opportunity for a speedier resolution.

Currently there is a vacuum between \$5,000 and \$10,000 for persons who cannot afford an attorney. A person with a claim less than \$5,000 can go to small claims court. For a person with a claim greater than \$10,000, there is a statute that allows a prevailing party an opportunity to recover his or her attorney fees if the person gives the other party advance notice of the claim.

The dollar amounts for district courts have been raised several times. The dollar amount for small claims courts have not been similarly increased.

CON: It is true that small claims courts provide access to justice for regular people to resolve their claims and there is no objection to increasing the availability of this remedy for that population. However, the small claims system has turned into a streamlined debt collection process in some states. Current mechanisms in Washington law protect against this (1) the low monetary limit; (2) attorneys cannot appear; and (3) debt cannot be assigned—must be a real claimant. To avoid the debt collection problem, we would suggest increasing the limit to \$10,000 only for individuals and keep the limit at \$5,000 for businesses. There are 23 states currently at the \$5,000 jurisdiction amount.

Persons Testifying: PRO: Senator Judy Warnick, Prime Sponsor; Terry Gobel.

CON: Antonio Ginatta, Columbia Legal Services.

Persons Signed In To Testify But Not Testifying: No one.