
Detailed Fiscal Analysis

Current law prohibits persons from filing more than 24 claims per year in a municipal or county court's small claims division. This bill would remove this limitation for the state's four-year public universities, branch campuses, technical colleges, community colleges, medical colleges and proprietary schools registered with the State Board of Proprietary School Registration. Private universities and colleges would not be affected by this change unless specifically registered by the State Board of Proprietary School Registration. An example of a registered school would be a barber college. The claims per year limitation on small retail businesses was also removed. The bill defines a small retail business as a state recognized business entity that has fewer than 50 employees and engages in the retail sale of goods or services to customers.

The removal of the limitation upon institutions of higher education should not have a dramatic affect upon the operation of the courts. Several schools have indicated that they would use small claims court very sparingly. However, small claims court appears to be an effective avenue for following through on the collection of past due accounts. Bowling Green State University was able to collect \$52,000 out of \$84,000 owned in back charges by using their local small claims court. Universities might find this method of collection easier and more efficient than using collection agencies, which normally take a percentage of the collected accounts. Recently, the state universities have individually had annual amounts of past due accounts ranging from \$100,000 to nearly \$500,000 for some of the state's larger institutions. Tuition and fees from universities are not part of the state's GRF and unpaid accounts are not factored into the budget of the Board of Regents. This change should have a positive fiscal effect on schools, but not specifically on the state.

However, the removal of the limitation upon small retail businesses will probably have a significant impact on the county and municipal courts. However, at least the Franklin County Municipal Court's small claims division administrator has indicated that such a change would probably be manageable. This change would place not only a burden upon the small claims division, but would shift both work and revenues from the general division. The removal of the limitation would not only allow for a rise in new claims, but would also allow claims that would otherwise be heard in the general division to be heard in small claims. The benefits to businesses not only include the ability to utilize the courts without an attorney, but also the opportunity to pay lower court costs in the small claims division as compared to the general division. As such, revenues derived from the general division fees will decline.

Under state law, a small claims division's fees cannot be larger than one half of the fees charged in the general division. In Franklin County, the small claims division of the court receives a \$15 fee out of the \$35 court cost. The remainder goes for special purposes: civil legal aid and court computerization. The \$15 fee would not be able to be increased unless the fee charged in the general division was raised from the current \$30 which is charged as part of the \$65 court costs. While raising the fee would help cover the increased costs, it counters the court's ability to be an easy and low-cost option for legal claims.

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