

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Adair DATE TYPED 2/16/04 HB _____

SHORT TITLE Increase Civil Action Jurisdictional Amount SB 626

ANALYST Koplik

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts

SUMMARY

Synopsis of Bill

The bill increases the jurisdictional amount for civil actions in metropolitan court and magistrate court from \$10 thousand to \$25 thousand.

Significant Issues.

According to the Administrative Office of the Courts, it is probable, but not certain, that this bill would increase civil filings in magistrate court since \$25 thousand is the minimum required amount of automobile insurance. This proposed change would make it possible for more insurance cases to be heard in magistrate court. Plaintiffs might choose to file more cases involving the minimum amount of automobile insurance because procedures are simpler in magistrate court than in district court.

Some attorneys have expressed frustration that insurance companies can use the range of discovery and other civil procedures to drag out cases in district court to complicate litigation of small-dollar cases, thereby discouraging lawsuits. Last summer at the New Mexico State Bar conven-

Senate Bill 626

tion, the opinion was expressed that more cases involving the minimum amount of insurance would be filed if they could be filed in magistrate court.

The judiciary does not know the number of insurance cases currently filed in district court seeking damages of \$25 thousand or less because its database does not contain information about the amount of damages sought in any particular case.

Previously raising jurisdictional limits has had no clear effect of increasing or decreasing civil filings in magistrate court. Listed below are the numbers of new civil filings for fiscal years, excluding landlord-tenant cases:

FY 1997	16,830
FY 1998	15,637
FY 1999	13,526
FY 2000	13,148 (First year jurisdictional limit raised to \$7.5 thousand)
FY 2001	15,126 (First year jurisdictional limit raised to \$10 thousand)
FY 2002	15,188
FY 2003	14,188

This information comes from the judiciary's annual reports. Reports from FY 1997-2002 are posted on www.nmcourts.com. The report for FY 2003 is available from the AOC.

It seems likely this bill will increase civil filings because it will transfer the subset of small insurance cases from district court to magistrate court. Magistrate courts have not experienced a significant increase in civil caseload after the last increase in jurisdictional amount. Since this increase could result in more insurance cases being heard in magistrate court, civil filings could go up.

FISCAL AND ADMINISTRATIVE IMPLICATIONS

There will be a minimal administrative cost for statewide update, distribution, and documentation of statutory changes. Any additional fiscal impact on the magistrate courts would be proportional to any increased case load. Increased caseload will require additional resources. There would be an administrative impact on the court resulting from added judicial and clerical time needed to dispose of additional cases.

SK/yr