

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 337 Courts

SPONSOR(S): Judiciary Committee, Civil Justice Subcommittee, Leek

TIED BILLS: IDEN./SIM. **BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Civil Justice Subcommittee	13 Y, 1 N, As CS	Jones	Poche
2) Justice Appropriations Subcommittee	11 Y, 0 N	Smith	Gusky
3) Judiciary Committee	18 Y, 0 N, As CS	Jones	Poche

SUMMARY ANALYSIS

In Florida, the two types of trial courts that hear civil lawsuits are county courts and circuit courts. Pursuant to the Florida Constitution, county courts exercise jurisdiction as provided by general law, and circuit courts exercise jurisdiction over matters not within the jurisdiction of county courts. County courts generally have jurisdiction of actions at law where the amount in controversy does not exceed \$15,000; actions at law where the amount in controversy exceeds \$15,000 must be filed in circuit court. The jurisdictional threshold was last changed in 1992.

CS/CS/HB 337 increases the jurisdictional threshold between county court and circuit courts from \$15,000 to:

- \$30,000, beginning January 1, 2020; and
- \$50,000, beginning January 1, 2022.

The bill establishes a process for a defendant to challenge the reasonableness of the amount in controversy alleged by the plaintiff, requiring the court to hold a hearing and determine whether the amount is reasonable. If not, the court must transfer the action to the proper court. The court may award attorney fees and costs to the prevailing party on the issue. Moreover, the transferee court may render a judgment in excess of its normal jurisdictional amounts if the plaintiff proves such damages.

The bill also:

- Allows a Supreme Court justice to maintain a headquarters outside Leon County and receive subsistence and reimbursement for travel expenses;
- Provides that a county court case with an amount in controversy exceeding \$15,000 is appealed to the district court of appeal;
- Provides that low-cost circuit court mediation is available in county court only in cases where the amount in controversy does not exceed \$15,000;
- Adjusts the filing fee structure to maintain fiscal neutrality; and
- Requires the Office of the State Courts Administrator to make recommendations on court jurisdiction by March 1, 2021.

The bill has an indeterminate fiscal impact on state and local governments. See Fiscal Analysis.

The bill has an effective date of July 1, 2019, and applies to a cause of action filed on or after that date, regardless of when the cause of action accrued.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

County and Circuit Courts

In Florida, two types of trial courts hear civil lawsuits: county courts and circuit courts.¹ The Florida Constitution provides that county courts exercise jurisdiction as provided by general law, and circuit courts exercise jurisdiction in matters not within the jurisdiction of county courts.² Section 34.01, F.S., implements the constitutional provision, establishing that county courts have jurisdiction of cases including actions at law where the amount in controversy does not exceed \$15,000, exclusive of interest, costs, and attorney's fees, except those cases within the exclusive jurisdiction of circuit courts.³ Any general action at law with an amount in controversy exceeding \$15,000 must be filed in circuit court. The \$15,000 threshold has not changed since 1992.⁴

The plaintiff alleges in his or her complaint the amount in controversy and files the complaint in county or circuit court, depending on the alleged amount in controversy. If the plaintiff chooses the wrong court, the court lacks jurisdiction and may transfer it to the appropriate court.⁵

Filing Fees

The filing fee for a civil lawsuit in circuit court is \$400 or more, depending on the number of defendants and the nature of the case.⁶ The Legislature last raised filing fees for basic circuit court filings in 2009.⁷ The circuit court filing fee is allocated:

- \$195 to the clerk as a filing fee;
- \$196 to the State Courts Revenue Trust Fund;
- \$5.50 to the Department of Financial Services Trust Fund; and
- \$3.50 to the Court Education Trust Fund.⁸

The filing fee for a civil lawsuit in county court ranges from \$50 to a maximum of \$300, depending on the amount in controversy.⁹ The Legislature last raised filing fees for basic county court filings in 2008.¹⁰ The county court filing fee for a case with an amount in controversy greater than \$2,500 and up to \$15,000 is allocated:

- \$280 to the clerk as a filing fee;
- \$16 to the State Courts Revenue Trust Fund
- \$3.50 to the Court Education Trust Fund; and
- \$0.50 to the Department of Financial Services Trust Fund.¹¹

¹ Ss. 26.012(5), 34.01(5), F.S.

² Art. V, ss. 5, 6, Fla. Const.; s. 26.012(2)(a), F.S.

³ S. 34.01(1)(c), F.S.

⁴ S. 1, Ch. 90-269, Laws of Fla. (raising the jurisdictional threshold from \$10,000 to \$15,000, effective July 1, 1992).

⁵ See *Bowers v. Parrish*, 845 So. 2d 251, 251-52 (Fla. 1st DCA 2003); *Edwards v. Jones*, 221 So. 3d 770, 772 (Fla. 1st DCA 2017); Fla. R. Civ. P. 1.060(a).

⁶ Ss. 28.241, 44.108(1), F.S.

⁷ S. 5, Ch. 2009-61, Laws of Fla.

⁸ Ss. 28.241(1), 44.108, F.S.

⁹ S. 34.041(1)(a), F.S.

¹⁰ S. 11, Ch. 2008-111, Laws of Fla.

¹¹ Ss. 34.041(1), 44.108(1), F.S.

When a party appeals a case from circuit court to a district court of appeal, the filing fee is \$400.¹² That fee is allocated:

- \$50 to the State Courts Revenue Trust Fund;
- \$250 to General Revenue; and
- \$100 to the clerks of court.¹³

When a party appeals a case from county court to circuit court, the filing fee is \$281.¹⁴ That fee is allocated:

- \$1 to the State Courts Revenue Trust Fund; and
- \$280 to the clerks of court.¹⁵

Low-Cost Mediation Services

When a circuit court orders mediation by the circuit court's mediation program, certain low-income litigants, as well as all litigants in county court, are entitled to low-cost mediation. For cases in county court, the clerk may charge only \$60 per person per mediation session.¹⁶

Small Claims Court

Small claims court is a type of proceeding in county court reserved for cases with an amount in controversy less than a specified amount, as set by the Florida Supreme Court.¹⁷ In small claims court, special rules apply to simplify and expedite the proceedings. Currently, the threshold for small claims court is \$5,000,¹⁸ last modified in 1996.¹⁹ The small claims court threshold is independent of the county court jurisdictional threshold set by the Legislature.

Effect of Proposed Changes

CS/CS/HB 337 amends s. 34.01, F.S., to increase the county court's jurisdictional amount in controversy threshold from \$15,000 to:

- \$30,000, beginning January 1, 2020; and
- \$50,000, beginning January 1, 2022.

The changes in threshold apply to all causes of action filed on or after the specified date, regardless of when the cause of action accrued.

The bill also allows a Supreme Court justice to maintain a headquarters outside Leon County and receive subsistence and reimbursement for travel expenses. Specifically, upon the request of any justice residing outside Leon County, the Chief Justice of the Florida Supreme Court:

- Shall coordinate and designate a district court of appeal courthouse, a county courthouse, or other appropriate facility in the justice's district as his or her official headquarters to serve as the justice's private chambers; and
- May reimburse the justice for travel and subsistence while in Tallahassee on court business, to the extent funding is available.

The Supreme Court and a county courthouse may agree to establish private chambers at the county courthouse for a justice, but the courthouse is not obligated to provide space for the justice. The

¹² Ss. 28.241(2), 35.22(2)(a), F.S.

¹³ Ss. 28.241(2), 35.22(5), F.S.

¹⁴ Ss. 28.241(2), 44.108, F.S.

¹⁵ S. 28.241(2), F.S.

¹⁶ S. 44.108, F.S.

¹⁷ Fla. Sm. Cl. R. 7.010(b).

¹⁸ *Id.*

¹⁹ *In re Amendments to the Florida Small Claims Rules*, 682 So. 2d 1075 (Fla. 1996) (raising the amount from \$2,500 to \$5,000).

Supreme Court may not use state funds to lease space in a county courthouse for use as a private chamber.

The bill also provides that where the amount in controversy exceeds \$15,000, appeal is to the district court of appeal, not the circuit court. This allows district courts of appeal to continue hearing the appeals currently heard and avoids overwhelming the circuit courts with an increased appellate caseload.

The bill requires the Office of the State Courts Administrator to file a report with the Governor, the President of the Senate, and the Speaker of the House of Representatives by March 1, 2021, making recommendations on court jurisdiction. The county and circuit court clerks must provide data to develop the report. The report must consider:

- The claim value of filings in county and circuit courts;
- Case events;
- Timeliness in processing cases; and
- The fiscal impact resulting from the threshold adjustment.

The bill amends the filing fee statutes to keep the bill fiscally neutral in spite of increasing the threshold to \$30,000. The bill also limits entitlement to low-cost mediation to county court cases with an amount in controversy not exceeding \$15,000. This keeps low-cost mediation services available to the same county court litigants as under current law without expanding such services after the threshold is increased.

The bill also creates s. 45.21, F.S., to establish a mechanism for a defendant in a civil case to challenge the reasonableness of the amount in controversy alleged by the plaintiff. Specifically, when a plaintiff files suit, the defendant may demand proof of the reasonableness of the alleged amount in controversy within 30 days. The defendant is not required to provide evidence or arguments to support the demand, and the demand constitutes a responsive pleading for purposes of the rules of procedure.

Upon the defendant's filing of a demand, the court must hold a hearing to determine whether the amount alleged by the plaintiff is reasonable. The plaintiff has the burden to show, by a preponderance of the evidence, that the plaintiff has a reasonable likelihood to recover at least the amount alleged. If the plaintiff fails to demonstrate that the alleged amount in controversy is reasonable, the court must transfer the action to the proper court. The court may award reasonable attorney fees and costs to the prevailing party on the demand issue. If the matter is transferred and the plaintiff proves damages exceeding the transferee court's normal jurisdictional limits, the court may award the damages proven.

The bill is effective July 1, 2019.

B. SECTION DIRECTORY:

Section 1: Creates s. 25.025, F.S., relating to headquarters.

Section 2: Amends s. 26.012, F.S., relating to jurisdiction of circuit court.

Section 3: Amends s. 28.241, F.S., relating to filing fees for trial and appellate proceedings.

Section 4: Amends s. 34.01, F.S., relating to jurisdiction of county court.

Section 5: Amends s. 34.041, F.S., relating to filing fees.

Section 6: Amends s. 44.108, F.S., relating to funding of mediation and arbitration.

Section 7: Creates s. 45.21, F.S., relating to reasonableness of amount in controversy; procedures.

Section 8: Creates an unnumbered section clarifying that the amendments to court jurisdiction apply with respect to the date of filing the action, regardless of when the cause of action accrued.

Section 9: Provides an effective date of July 1, 2019.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill authorizes subsistence and reimbursement payments for Florida Supreme Court justices who choose to maintain a headquarters outside Leon County, to the extent that appropriated funds are available, as determined by the Chief Justice. The Supreme Court received \$209,930 of recurring general revenue funds in the FY 2018-19 General Appropriations act to support the travel expenditures specifically authorized in the 2018 Implementing Bill (HB 5003). There is no fiscal impact to the state due to the provision in the bill limiting the total of subsistence and reimbursement payments to available appropriated funds.

The court system currently does not have Florida-specific data to identify cases by the amount in controversy and thereby cannot determine with certainty the number of circuit court cases that would move to county court under the proposal and the number of appeals that would be affected.²⁰ The fiscal impact of this component of the bill is indeterminate at this time.

The bill requires the Office of the State Courts Administrator to file a report on court jurisdiction by March 1, 2021; however, it is anticipated this report can be completed using existing resources and therefore will not have a fiscal impact.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The Clerks of Court may have an increased workload due to formatting and programming updates to the Florida Courts E-Filing Portal, as well as fee collection and distribution systems.²¹

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may have a positive effect on the private sector by allowing defendants to challenge, at an early stage in litigation, the amount in controversy as alleged by plaintiff. This may lead to a more efficient allocation of resources as cases are filed in the appropriate court.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

²⁰ Office of the State Court Administrator, *2019 Judicial Impact Statement – CS/HB 337*, March 30, 2019.

²¹ *Id.*

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 20, 2019, the Civil Justice Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Allowed each Supreme Court Justice to maintain a headquarters outside Leon County and be paid subsistence and reimbursement for travel.
- Adjusted the filing fee structures for court filings, including cases appealed from county to circuit court, to maintain revenue neutrality.
- Raised the county court jurisdictional threshold to \$30,000 by July 1, 2019, and \$50,000 by July 1, 2021.
- Required the plaintiff, in a challenge to the alleged amount of damages, to prove by a preponderance of the evidence, instead of the more stringent clear and convincing evidence standard, that the action is filed in the appropriate court.
- Required a court to transfer, rather than dismiss without prejudice, an action improperly filed in the court.

On April 16, 2019, the Judiciary Committee adopted one amendment and reported the bill favorably as a committee substitute. The amendment:

- Made the first jurisdictional threshold increase to \$30,000 effective January 1, 2020; and the second increase to \$50,000 effective January 1, 2022.
- Required appeals of county court cases where the amount in controversy exceeds \$15,000 to go to the district court of appeal.
- Adjusted filing fees to maintain fiscal neutrality.
- Required the Office of the State Courts Administrator to make recommendations relating to court jurisdiction by March 1, 2021.
- Allowed a court to award attorney fees and costs to a prevailing party on the issue of whether the amount in controversy is reasonably alleged.
- Allowed a transferee court to exercise jurisdiction in excess of its usual amounts in certain situations.

This analysis is drafted to the committee substitute as passed by the Judiciary Committee.