State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE BRIAN BECKER
19TH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4009
HARTFORD, CT 06106-1591

CAPITOL: 860-240-8585
FAX: 860-240-0206
E-MAIL: Brian.Becker@cga.ct.gov

CHAIRMAN
LEGISLATIVE REGULATION REVIEW COMMITTEE

MEMBER
COMMERCE COMMITTEE
ENERGY AND TECHNOLOGY COMMITTEE
GENERAL ADMINISTRATION & ELECTIONS COMMITTEE

Statement of State Representative Brian S. Becker
In support of HB 6924
An Act Increasing the Amount of Damages That May Be Claimed in a Small Claims Action
before the
Judiciary Committee
of the
Connecticut General Assembly
March 6, 2015

Chairman Coleman, Chairman Tong, Ranking Member Kissel, Ranking Member Rebimbas, and the other distinguished members of the Judiciary Committee, thank you for raising HB 6924, An Act Increasing the Amount of Damages That May be Claimed in a Small Claims Action.

In 2013, Owen Eagan, a constituent and a lawyer who often represents consumers with claims against contractors and vendors, suggested we increase the amount of damages allowable in small claims actions. Attorney Eagan said a number of consumers had come to him with claims that would not be cost effective for his firm to handle. For smaller matters (even up to $10,000), the legal fees could exceed the amount of the judgment. Accordingly, he often encourages these consumers to reduce the amount of their claims to $5,000 so that they can bring the cases in Small Claims Court. Raising the maximum amount of damages allowable in small claims actions will open the courts to more people who could not otherwise afford to pursue their rights.

While the bill before you today seeks to raise the maximum amount of damages in small claims actions to $10,000, the Judicial Branch has indicated that it would prefer a maximum of $7,500. I am comfortable with the Judicial Branch's preference and would encourage the committee to amend the bill accordingly.

The bill also seeks to add a second level of filing fee for those cases with damage claims above $5,000. This proposed filing fee is $150, which would cover three-quarters of the *per diem* pay of a small claims magistrate, and which is still $200 less than the filing fee for an action brought in Superior Court. Accordingly, if a magistrate were to hear just two cases on a given day, the expense for that magistrate would be more than covered. This should alleviate any fears that raising the maximum damages would cost the state money.

Some consumer advocates are opposed to this bill claiming that it will open the floodgates for debt collection agencies and hurt consumers. At least one national consumer advocacy group, Consumers for a Responsive Legal System ("CRLS") a/k/a Responsive Law, disagrees with those advocates and supports this bill (CRLS has submitted written testimony which, among other things, argues that sufficient safeguards exist in the small claims process to protect consumer debtors). So long as the small claims magistrates do their job by requiring the proof necessary to support the claims made, the higher maximum should not harm consumers.

While this bill was proposed with the consumer as plaintiff in mind (to address the situation described earlier) one could also look at it as beneficial from a global policy perspective even if the consumer were the defendant. The more difficult and expensive we make it for creditors to collect debts they are justly owed, the more it costs all of us in fees and interest rates to sustain the system. Therefore, using a less cumbersome, less expensive system to facilitate the repayment of debt is a positive step for society as a whole. It also could benefit defendants in those debt collection actions because the costs for which they may be held liable (e.g., filing fees and attorneys' fees) will be lower.

Notwithstanding the foregoing arguments, if the committee were to agree with the consumer advocates who claim that there is too great a risk to consumers from this bill, the committee could choose to limit the number of small claims cases any particular plaintiff could bring in a given year in the $5000-$7500 range to five or fewer. That would satisfy the need of the consumer plaintiff while limiting the ability of debt collection agencies to take advantage of the increased maximum amount. According to one consumer advocate's testimony, this type of limitation is currently in place in California (with a two-case limit). [1]

When my constituent approached me with this idea, I thought it was a good one. I hope you, too, agree that increasing access to the courts is good public policy and that you will support this bill. Thank you.

[1] Of course, our Judicial Branch would need to confirm that it could administer such an approach.