

ASSEMBLY THIRD READING  
AB 1827 (Chen)  
As Amended March 18, 2026  
Majority vote

## SUMMARY

Increases and standardizes the amount in controversy limit for small claims court.

### Major Provisions

- 1) Increases and standardizes the jurisdictional limits for small claims court to an amount in controversy of fifteen thousand dollars (\$15,000), or less.
- 2) Increases the number of small claims filings with an amount in controversy in excess of two thousand five hundred dollars (\$2,500) a person may file in a calendar from two to three cases.

## COMMENTS

In 2023, the Legislature restructured the amount in controversy levels for small claims, limited civil, and unlimited civil matters with the enactment of SB 71 (Umberg) Chap. 861, Stats. 2023. Unlike limited and unlimited civil matters, which generally had standard amount in controversy jurisdictional limits, small claims jurisdictional limits varied widely by case type. SB 71 modified some of the small claims jurisdictional limits but left others untouched. This bill raises and standardizes the jurisdictional limits for small claims court to \$15,000 for all causes of action. The bill also provides litigants one additional small claims action per year for cases with an amount in controversy exceeding \$2,500.

*Unlike other civil matters, small claims court has varied jurisdictional limits.* Prior to the enactment of SB 71, limited and unlimited civil cases had consistent jurisdictional limits. All matters exceeding the jurisdiction of small claims court yet with an amount in controversy of \$25,000 were deemed limited civil cases and subject to specialized discovery and evidentiary rules. All cases exceeding \$25,000 were deemed unlimited civil cases. SB 71 simply changed the \$25,000 threshold to \$35,000. For small claims court, however, the pre-SB 71 jurisdictional limits ranged from \$6,250 to \$10,000. SB 71 increased some of those thresholds, including the \$10,000 cap to the \$12,500 limit in existing law, but left other limits unchanged.

The variation in limits reflected the unique nature of small claims court, including that litigants are not permitted to be represented by counsel, and were designed to ensure that more sophisticated plaintiff's (i.e. business entities) could not prey upon average litigants. However, since the enactment of SB 71, the widely varying jurisdictional limits appear to be generating more confusion rather than solving problems, especially when unrepresented litigants are trying to determine the appropriate venue for which to file their civil case. Furthermore, the proponents of this bill contend that the recent bout of inflation that has plagued the post-pandemic economy has made the older limits less functional and forces more parties to hire expensive legal counsel and file their claim in limited civil jurisdiction.

*Existing law limits parties' ability to file excessive amounts of small claims actions.* One of the critical benefits of small claims court is that it permits parties to resolve relatively minor disputes efficiently and for a lower cost than adjudication in a traditional civil court. Because the courts

are utilized by average Californians who are unrepresented by counsel, the existing law adopts safeguards to prevent the courts from being used by more sophisticated plaintiffs. One such safeguard is the existing law's limit on filing excessive amount of higher value cases in small claims court. Indeed, existing law prohibits filing more than two cases with amount in controversy exceeding \$2,500 annually in small claims court. The proponents of this bill again contend that recent inflation has rendered this limit unworkable.

*This bill seeks to standardize the jurisdictional limits of small claims court. Seeking to compensate for the impact of inflation, and to reduce confusion stemming from inconsistent jurisdictional limits, this bill standardizes the maximum amount in controversy level for all matters in small claims court at \$15,000. While \$15,000 is a significant amount of money to most Californians, increasing this limit does provide the ability for more disputes to be resolved without forcing average Californians to hire an attorney at the cost of hundreds, if not thousands, of dollars per hour. Although some of the largest increases in the jurisdictional limits are for more complex business-to-business type cases, as noted below, amendments to the annual filing limits should dramatically reduce an opportunity for abuse of the small claims court by sophisticated litigants.*

### **According to the Author**

Small claims court was designed to provide a fast, low-cost, and accessible forum for resolving routine disputes. However, inflation and rising operating costs have outpaced the current cap. When claims exceed \$6,250, businesses must either forgo recovery or pursue Superior Court litigation, which often requires attorneys, higher filing fees, and lengthy timelines. This creates economically irrational choices for modest disputes and weakens contract enforcement across the small business community.

This proposal modernizes California's small claims system by increasing the jurisdictional limit for small businesses to \$15,000 per case and allowing up to three filings per year. The reform maintains all existing safeguards, including the prohibition on attorney representation, judicial discretion and oversight, and simplified procedures and evidentiary standards. It does not expand legal complexity or reduce defendant protections.

Increasing the small claims limit to \$15,000 and allowing three filings per year is a measured modernization that strengthens contract enforcement, supports small business economic stability, and reduces strain on California's court system. This proposal updates and modernizes the small claims framework to reflect the realities of today's economy.

### **Arguments in Support**

In support of this bill, California Civil Liberties Advocacy writes:

Small claims courts exist to ensure that ordinary Californians have access to a forum where disputes can be resolved efficiently and affordably without the complexity and expense of formal civil litigation. Unfortunately, the rising cost of living and doing business in California has steadily eroded the practical value of the current jurisdictional limits. Many disputes involving modest but meaningful sums—such as contractor disputes, unpaid personal debts, property damage, or consumer protection claims—now exceed the existing limits, forcing individuals to choose between abandoning legitimate claims or entering a costly and time-consuming civil litigation process.

AB 1827 addresses this problem by increasing the small claims jurisdictional cap to \$15,000 and allowing individuals to file up to three higher-value claims annually, ensuring that the small claims system continues to serve its core function: providing accessible justice for everyday disputes. In practical terms, this reform helps middle-class Californians and small property owners resolve conflicts without the need to retain legal counsel, which can often exceed the value of the underlying claim.

### Arguments in Opposition

None on file

## FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) Unknown fiscal impact on courts (Trial Court Trust Fund, General Fund). The bill would shift some cases currently filed as limited civil matters into small claims court, resulting in lower filing fee revenue — the general small claims filing fee for claims between \$5,000 and \$12,500 is \$75, compared to \$370 for a limited civil filing in the \$10,000 to \$35,000 range. To the extent the bill diverts cases from limited civil to small claims, the TCTF would lose approximately \$295 per diverted case. However, small claims cases generally require fewer court resources than limited civil cases (no discovery, no attorney appearances, simplified procedures), partially offsetting the revenue loss through reduced workload. The Judicial Council anticipates an unknown impact on small claims court calendars. Raising the various sub-limits (from \$6,250 to \$15,000) and the overall cap (from \$12,500 to \$15,000) would likely increase filings in two ways: cases that would have been filed as limited civil matters will shift to small claims, and litigants who currently forgo filing because they are unwilling to pursue a limited civil action may now file in small claims court. Higher-value small claims cases may also take longer to adjudicate than lower-value cases, adding to calendar pressure. The Judicial Council does not cite specific cost figures.
- 2) Cost pressures (Trial Court Trust Fund) of an unknown but potentially significant amount to the courts to adjudicate any additional filings. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately \$117.3 million in 2025-26.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year beginning in the 2027-28 fiscal year.

## VOTES

### ASM JUDICIARY: 12-0-0

**YES:** Kalra, Macedo, Bauer-Kahan, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**UPDATED**

VERSION: March 18, 2026

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FN: 0002601