



Small Claims Limit Increased – Good News for Businesses

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The Michigan Legislature recently increased the small claims jurisdictional limit from \$3,000 to \$5,000 effective September 1, 2012. This is good news for businesses that file small claims actions to recover debts owed by customers and other businesses for the services, goods and materials they provide. This increase should make it easier and less expensive for business owners to collect their own debts.

On May 22, 2012, Governor Snyder approved the 2012 amendment to Michigan Compiled Law 600.8401, which previously limited the jurisdictional amount in small claims actions to \$3,000. The new jurisdictional limit of \$5,000 will gradually increase to a new amount of \$7,000 by January 1, 2024.

When considering filing small claims actions, be aware of the following restrictions that exist under Michigan's small claim statute.

1. A person who files small claims actions on behalf of a corporation must be a full-time salaried employee having knowledge of the facts surrounding the complaint.
2. If a business is a sole proprietorship or partnership, the person filing the action must be the proprietor, a partner in the partnership or a full-time salaried employee having knowledge of the facts surrounding the complaint.
3. A business (not including a municipality) cannot file more than 5 small claims cases a week in a district court.

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