

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1827 (Chen)
Version: March 18, 2026
Hearing Date: June 30, 2026
Fiscal: Yes
Urgency: No
ME

SUBJECT

Small claims court: jurisdiction

DIGEST

This bill increases the amount in controversy limits for civil cases within the jurisdiction of the small claims court, as specified. This bill also prohibits a person from filing more than three small claims actions, instead of two, in which the amount demanded exceeds \$2,500, anywhere in the state in any calendar year, as specified.

EXECUTIVE SUMMARY

Civil matters in California courts are broken up into three separate tiers. The jurisdiction of each is largely determined by the amount in controversy in the underlying case. The lower tiers, small claims court and limited civil cases, provide for restricted discovery and representation rights. The goal of maintaining these lower tiers is to expeditiously, inexpensively, and fairly resolve more minor civil disputes.

SB 71 (Umberg, Ch. 861, Stats. 2023) was enacted to increase the jurisdictional limits of small claims and limited civil cases, which had not been updated in decades. SB 71 increased the threshold for cases to be brought small claims court brought by a natural defendant from \$10,000 to \$12,500, as specified. The bill also raised the limit for small claims court jurisdiction in other specified actions such as: from \$5,000 to \$6,250; from \$2,500 to \$3,125; from \$6,500 to \$8,125; and from \$4,000 to \$5,000.

The author brings this bill to increase the jurisdictional limits for small claims cases to \$15,000. The bill also increases the number of times a person can file a small claims action in which the amount demanded exceeds \$2,500. Specifically, this bill prohibits a person from filing more than three small claims actions, instead of two, in which the amount demanded exceeds \$2,500, anywhere in the state in any calendar year, as specified.

This bill is sponsored by the California Association of Collectors and supported by the California Apartment Association and the California Association of Realtors. The Judicial Council of California is opposed to the bill. Should this bill pass out of this Committee, it will then be referred to the Senate Appropriations Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes, through the Small Claims Act, small claims divisions in each superior court and establishes procedural guidelines for minor civil disputes in order to expeditiously, inexpensively, and fairly resolve such matters (Code Civ. Proc. §§ 116.110 et seq.)
- 2) Provides that small claims courts have jurisdiction over specified cases, including for recovery of money, and enforcement of delinquent tax payments, if the amount demanded does not exceed specified amounts ranging from \$3,125 to \$8,125. In addition to this jurisdiction, the small claims court has jurisdiction over actions brought by a natural person that do not seek more than \$12,500. (Code Civ. Proc. §§ 116.220, 116.221.)
- 3) Requires each county to make available individual assistance to advise small claims litigants and potential litigants without charge. (Code Civ. Proc. § 116.260.)
- 4) Prohibits a person from filing more than two small claims actions in which the amount demanded exceeds \$2,500, anywhere in the state in any calendar year, except as specified. (Code Civ. Proc. § 116.231.)
- 5) Provides that small claims actions do not require formal pleadings outside of a simplified claim form and do not permit pretrial discovery. Plaintiffs may not be represented by an attorney and have a limited right to appeal. The hearing and disposition must be informal with the object to dispense justice promptly, fairly, and inexpensively. (Code Civ. Proc. §§ 116.310-116.330, 116.510-116.530, 116.710.)

This bill:

- 1) Increases the small claims court jurisdiction over actions brought by a natural person, except as specified, and other specified actions within the jurisdiction of the small claims court if the amount does not exceed \$15,000.
- 2) Prohibits a person from filing more than three small claims actions, instead of two, in which the amount demanded exceeds \$2,500, anywhere in the state in any calendar year, as specified.

COMMENTS

1. Stated need for the bill

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 10 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 10 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.

2. Small claims jurisdictional limits were increased in 2024

The jurisdictional limits of the amount in controversy vary in small claims court and depend on the underlying action and whether a natural person brings the action. SB 71 (Umberg, Ch. 861, Stats. 2023) increased various small claims jurisdictional limits. Before SB 71, the jurisdictional limits ranged from \$2,500 to \$10,000. SB 71 increased the threshold for cases to be brought in small claims court by a natural defendant from \$10,000 to \$12,500. The bill also raised the limit for small claims court jurisdiction in other specified actions: from \$5,000 to \$6,250; from \$2,500 to \$3,125; from \$6,500 to \$8,125; and from \$4,000 to \$5,000. The limits reflect 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. Supporters of AB 1827 argue that the current limits are too low due to inflation. The last increase before SB 71 was codified 15 years ago through SB 221 (Simitian, Ch. 64, Stats. 2011). SB 221 raised the jurisdictional limit for small claims court actions brought by a natural person from \$7,500 to a limit of \$10,000. SB 71 raised that amount to \$12,500. This bill would raise that amount to \$15,000 and also

raise the jurisdictional limit in the other small claims court actions that currently have a limit of \$3,125, \$8125, and \$5,000 to instead all have a limit of \$15,000.

Existing law prohibits filing more than two cases with amount in controversy exceeding \$2,500 annually in small claims court. This bill would instead prohibit the filing of more than three cases annually in small claims court where the amount in controversy exceeds \$2,500.

3. Support

The California Association of Realtors writes the following in support of the bill:

In residential real estate transactions, disagreements occasionally arise over relatively small monetary amounts. These may involve issues such as the return of deposits, personal property left at a property after closing, or disputes over repairs or minor property damage. When these disputes exceed the small claims threshold, parties are often forced into more formal civil litigation, which can be costly, time-consuming, and disproportionate to the amount at issue.

By modestly increasing the jurisdictional limit, AB 1827 allows more of these smaller disputes to be resolved efficiently through the small claims process. This benefits consumers by providing a faster, more accessible forum for dispute resolution while helping reduce unnecessary strain on the broader court system.

Importantly, the bill maintains the fundamental structure and consumer-oriented nature of small claims court while simply updating the monetary threshold to better reflect current economic conditions.

According to the California Association of Collectors, sponsors of the bill:

We are sponsoring this legislation because it improves access to justice for all parties involved. Specifically, it:

1. Enables faster resolution of disputes, often in a single court appearance rather than prolonged litigation.
2. Reduces legal costs by maintaining the prohibition on attorney representation, eliminating expense pressures on either side.
3. Preserves due process protections, including notice requirements, evidence presentation, and judicial oversight.
4. Maintains a level playing field, as neither side may be represented by counsel in small claims court.

How This Reform Helps Small Businesses

This bill also provides practical and responsible support to small businesses by:

1. Improving cash flow stability through recovery of mid-level unpaid invoices.

2. Protecting payroll and jobs by supporting operational continuity.
3. Strengthening contract reliability by encouraging timely payment and compliance.
4. Reducing unnecessary financial write-offs that occur solely due to disproportionate litigation costs.

4. Opposition

The Judicial Council of California writes the following in opposition to this bill:

The Judicial Council opposes Assembly Bill 1827 (Chen), which (1) increases the jurisdiction of small claims court for actions brought by a natural person from \$12,500 to \$15,000, (2) increases the amount for most actions seeking recovery of money, a delinquent unsecured property tax, or in an attorney fee arbitration dispute from \$6,250 to \$15,000, and (3) allows a person to file no more than 3 small claims actions in any calendar year.

Frustrates the Purpose of Small Claims Court. Small claims courts are designed to be the people's court, providing a more expedient, inexpensive, and informal way to resolve relatively small matters. Increasing the jurisdictional limits of small claims court so significantly across the board at one time is arguably inconsistent with California's statutorily declared purpose of small claims court under Code of Civil Procedure 116.120 as a forum intended for resolving minor civil disputes brought by individuals who would otherwise have no other legal recourse to pursue their claims.

To further ensure that small claims courts are best able to provide a simple, inexpensive and informal path to resolve disputes, Code of Civil Procedure 116.530 prohibits attorneys from taking part in a hearing to represent a client. However, well-resourced parties will frequently consult with an attorney prior to their court date. The likelihood that a party with resources will retain an attorney in preparation for small claims court increases with the dollar amount of the case and disadvantages the unrepresented small claims litigant.

Doubles the Dollar Amount with no Increase in Filing Fees. AB 1827 more than doubles the dollar amount in controversy for money recovery to \$15,000 but leaves the filing fee stagnant at the current \$75 level for claims over \$5,000. Generally, the complexity of a case increases with the dollar amount at issue. This means that small claims courts would be managing more complicated matters that take longer to resolve with no additional funding provided for judges, court commissioners, or court staff to handle the additional workload and no additional funding that would be required to update courts' Civil Case Management Systems, fee schedules, forms, instructional packets, court websites, self-help materials, and updated staff training.

Increased Filings May Overwhelm Small Claims Court Calendars. By significantly raising the jurisdictional limit to over twice the current law, AB 1827 will likely increase the number of claims filed in two ways. The first will likely be an influx of lawsuits filed in small claims court that previously would have been filed as limited civil cases. The second will likely be an influx of claims that previously would not have been filed at all because the value of the case was too low to bring in limited civil court. Taken together, it is foreseeable that AB 1827 will significantly impact small claims court calendars with actions seeking money recovery, lengthening the time it takes to set, hear, and resolve matters brought by natural persons to small claims courts. Small claims court judicial officers report handling already-packed calendars and would be overwhelmed by the likely substantial increase in cases due to AB 1827.

SUPPORT

California Association of Collectors (Sponsors)
California Apartment Association
California Association of Realtors

OPPOSITION

None known

RELATED LEGISLATION

Pending legislation: AB 2781 (Committee on Judiciary, 2026) updates filing fees to reflect the threshold amounts of small claims and limited civil cases that were increased by SB 71 (Umberg, Ch. 861, Stats. 2023). AB 2781 is pending before the Senate Appropriations Committee.

Prior legislation:

SB 71 (Umberg, Ch. 861, Stats. 2023) *see* Comment 2.

SB 221 (Simitian, Ch. 64, Stats. 2011) *see* Comment 2.

PRIOR VOTES:

Assembly Floor (Ayes 77, Noes 0)
Assembly Appropriations Committee (Ayes 15, Noes 0)
Assembly Judiciary Committee (Ayes 12, Noes 0)
