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February 19, 2018

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Senate Judiciary & Rules Committee
Idaho State Legislature
State Capitol Building

RE: HB 1277

Thank you for taking the time to consider SB 1277.

The purpose of the bill is to update the small lawsuit statutory tools the Idaho Legislature has already provided. The updates are simple and straightforward. Idaho Code Section 12-120(4) ("12-120(4)" for short) will be increased from \$25,000 to \$35,000, and the Small Lawsuit Resolution Act ("SLRA") will likewise be increased from \$25,000 to \$35,000.

While these changes are modest, the need for them is great. The SLRA limit hasn't been increased since 2002, and 12-120(4) hasn't been increased since 1986. These statutory tools are used every day by our members to keep small lawsuits out of litigation. The tools force both sides to show their hands early on in the process and come to the table with a realistic view of the case. For small lawsuits, this results in early settlements as well as an efficient and inexpensive litigation process. While Idaho courts don't maintain data on this issue, it stands to reason that because of these tools, fewer lawsuits get filed or go through a lengthy and expensive discovery process. In addition, this legislation will have the added benefit of bringing these two statutes in line with another small lawsuit statutory tool – Idaho Code Section 12-120(1) – which was increased from \$25,000 to \$35,000 a few years ago by the Legislature.

ITLA has met with the property and casualty insurance representatives about this change. We are not aware of any opposition.

While the changes to these statutes are modest, we can't emphasize enough how important these legislative tools have been to help clients resolve cases and how important they will continue to be in the future.

Thank you for having the foresight to create them and thank you for taking the time to consider updating them to the needed current amount of \$35,000.

Sincerely,



James Ruchti



Barbara Jorden

Inflationary Adjustments to SLRA and § 12-120

According to the United States Bureau of Labor Statistics Consumer Price Index Inflation (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services purchased for consumption by urban households.

Idaho code § 12-120(4) grants attorney's fees to the prevailing party of a civil action and has not been adjusted since the current \$25,000 was adopted in 1986. Based on inflation, that figure should now be \$56,000 and the \$35,000 proposal brings us to the 1995 inflationary rate. fees if their claim is justified.

Idaho code § 7-1503 established the Small Lawsuit Resolution Act. Based on inflation, that figure should now be \$35,00 and the \$35,000 proposal brings us to the 2017 inflationary rate.

\$25,000 in January of 2002 has the same buying power as \$34,800.11 in December of 2017.

\$25,000 in January of 1986 has the same buying power as \$56,232.66 in December of 2017.

(1) Consumer Price Index, "CPI Addendum to Frequently Asked Questions," available at https://www.bls.gov/cpi/questions-and-answers-addendum.htm#2_2

(2) Monthly Labor Review, "Changing the Item Structure of the Consumer Price Index," Out of scope items, available at <https://www.bls.gov/opub/mlr/1996/12/art3full.pdf>

Additional information

Additional information on the Consumer Price Index can be found in the *BLS Handbook of Methods*, chapter 17, "The Consumer Price Index," Bulletin 2490 (1997). The current version of this chapter is also available on the BLS Internet site http://stats.bls.gov/opub/hom/homch17_a.htm or you may call the Information and Analysis Section of the CPI at 202-691-7000.