

DA 24-0262

IN THE SUPREME COURT OF THE STATE OF MONTANA

2024 MT 248

DAVID M. KAHL, Trustee for
FRANK L. KAHL, Revocable Trust,

Plaintiff and Appellee,

v.

DAVID POLKOW,

Defendant and Appellant.

APPEAL FROM: District Court of the Thirteenth Judicial District,
In and For the County of Yellowstone, Cause No. DV 23-1014
Honorable Ashley Harada, Presiding Judge

COUNSEL OF RECORD:

For Appellant:

Daniel J. Eakin, D. Michael Eakin, Attorneys at Law, Billings,
Montana

For Appellee:

David Kahl, Self-Represented, Billings, Montana

Submitted on Briefs: October 2, 2024

Decided: October 29, 2024

Filed:



Clerk

Justice James Jeremiah Shea delivered the Opinion of the Court.

¶1 David Polkow appeals the Thirteenth Judicial District Court, Yellowstone County's order affirming the August 21, 2023 judgment of the Yellowstone County Justice Court, which was entered against him following a landlord-tenant dispute. The Justice Court awarded Polkow's landlord David Kahl, in his capacity as trustee for the Frank J. Kahl Revocable Trust, \$58,753.73 in damages, plus interest, and attorney fees and costs. We address the following dispositive issue:¹

Did the Justice Court err when it concluded it had jurisdiction to enter a money judgment that exceeded the \$15,000 civil damages limit imposed by § 3-10-301, MCA?

¶2 We reverse and remand for further proceedings consistent with this Opinion.

FACTUAL AND PROCEDURAL BACKGROUND

¶3 In 2013, Polkow rented a residential home from Frank Kahl (Frank). The parties' arrangement was governed by a written lease agreement for a nine-month term. Polkow continued to rent the home on a month-to-month basis following the lease's expiration. At some point after renting the home to Polkow, Frank transferred his interest in the home to the Frank J. Kahl Revocable Trust but continued to act as the property's landlord. On April 21, 2022, Polkow and Frank executed a new written lease, effective for a three-year term. Frank died six months after signing the 2022 lease. Frank's son, David Kahl (Kahl),

¹ Polkow also presented as an issue on appeal whether the Justice Court erred by entering judgment for damages that had not been pled in the Complaint. Because we are remanding this matter to vacate the judgment without prejudice to Kahl's right to refile in District Court, we do not consider this second issue.

began managing the property in his capacity as trustee for the Frank J. Kahl Revocable Trust.

¶4 On January 25, 2023, Kahl filed an eviction action against Polkow in Yellowstone County Justice Court. Kahl's Complaint requested possession of the property; treble damages for delinquent rent; an unspecified amount for damages to the property; and attorney fees and costs. On March 27, 2023, the Justice Court entered judgment against Polkow terminating the 2022 rental agreement and awarding Kahl possession of the property and attorney fees and costs, but denying Kahl's request for delinquent rent.²

¶5 Following entry of the March 27, 2023 possession judgment, Kahl moved for a hearing to address the physical damage he alleged Polkow caused to the property. Like the initial Complaint, the motion did not specify the amount of money Kahl sought nor the type of property Kahl claimed Polkow damaged.

¶6 The Justice Court held the hearing on June 26, 2023. Both parties appeared, testified, and submitted evidence. It was not until Kahl presented his case-in-chief that Polkow learned Kahl was seeking damages in the amount of \$128,644.07. Polkow moved to dismiss on the ground that the amount exceeded the Justice Court's \$15,000 jurisdictional limit imposed by § 3-10-301, MCA, as held by this Court in *Alto Jake Holdings, LLC v. Donham*, 2017 MT 297, 389 Mont. 435, 406 P.3d 937. The Justice Court took the matter under advisement and concluded the hearing.

² Polkow did not appeal the March 27, 2023 judgment concerning possession.

¶7 On August 21, 2023, the Justice Court issued its Findings of Fact and Conclusions of Law; and Final Judgment After Damages Hearing (Damages Judgment). The Justice Court determined that it had jurisdiction over the parties and the subject matter pursuant to the Montana Residential Landlord Tenant Act (MRLTA). The Justice Court concluded § 70-27-101, MCA, the Forcible Entry and Unlawful Detainer jurisdiction statute, conferred jurisdiction on the Justice Court to award damages exceeding the general \$15,000 limit because the statute “grants the Justice Court concurrent jurisdiction with the District Court for proceedings involving rental property.” The Justice Court awarded Kahl \$58,753.73 in compensatory damages, plus interest, and attorney fees and costs.

¶8 Polkow appealed the Damages Judgment to the District Court on the ground that the Justice Court lacked jurisdiction over a claim for compensatory damages exceeding \$15,000. Polkow contended the Justice Court ignored controlling authority established by this Court’s holding in *Alto Jake Holdings*, and incorrectly interpreted the concurrent jurisdiction statute, § 70-27-101, MCA, which by its plain terms did not apply to “arrangements governed by chapter 24 of this title [the MRLTA].” Kahl’s response did not address Polkow’s argument concerning § 70-27-101, MCA; instead, Kahl relied upon § 3-10-302, MCA, which the Justice Court did not consider but which also concerns the concurrent jurisdiction of justice courts and district courts over landlord-tenant disputes. Kahl asserted that the *Alto Jake Holdings* Opinion erroneously concluded that § 3-10-301, MCA, strictly limited justice courts’ jurisdiction and failed to recognize the grant of concurrent jurisdiction provided by § 3-10-302, MCA.

¶9 The District Court affirmed the judgment entered by the Justice Court. The District Court concluded § 3-10-302, MCA, and § 70-27-101, MCA, permitted the Justice Court to award monetary damages exceeding \$15,000 “when exercising concurrent jurisdiction with the district court.” The District Court determined the legislature would have included a damages cap in the statutes granting concurrent jurisdiction if the legislature intended to limit the amount of damages a justice court could award. The District Court failed to substantively address this Court’s holding in *Alto Jake Holdings* other than to note that it had “reviewed the briefing of the parties relative to *Alto Jake Holdings* and Mont. Code Ann. §§ 3-10-302 and 70-24-101 et seq., and concludes that the Justice Court has jurisdiction to award monetary damages in excess of \$15,000.00 when exercising concurrent jurisdiction with the district court.”

STANDARDS OF REVIEW

¶10 A district court functions as an intermediate appellate court when a party appeals a judgment entered by a justice court of record. Section 3-5-303, MCA. When acting in its appellate capacity, a district court may not make findings of fact or issue discretionary rulings; rather, the district court applies the appropriate standard of review to the justice court record and questions of law. Section 3-10-115(1), MCA; *Cook v. Bodine*, 2024 MT 189, ¶ 9, 418 Mont. 49, 555 P.3d 236; *Stanley v. Lemire*, 2006 MT 304, ¶ 25, 334 Mont. 489, 148 P.3d 643. As the district court’s review is “no broader” than our review of a lower court judgment, “we examine the justice court record independently of the district court” and proceed as if the matter was appealed directly to this Court. *Stanley*,

¶ 26 (footnote omitted). Accordingly, we review de novo a justice court’s conclusions of law. *Cook*, ¶ 9.

¶ 11 “A court’s determination as to its jurisdiction is a conclusion of law, which is reviewed de novo to determine whether the court’s interpretation of the law is correct.” *Stanley*, ¶ 52 (citations omitted).

DISCUSSION

¶ 12 *Did the Justice Court err when it concluded it had jurisdiction to enter a money judgment that exceeded the \$15,000 civil damages limit imposed by § 3-10-301, MCA?*

¶ 13 Polkow challenges the Justice Court’s conclusion that it had subject matter jurisdiction over a claim for compensatory damages when the amount in controversy is greater than \$15,000. He contends *Alto Jake Holdings* was correctly decided and is dispositive of this issue. He asserts that when read together, the \$15,000 damages limit and the concurrent jurisdiction statutes establish a justice court’s authority to decide issues of possession and award damages up to \$15,000, but they do not permit justice courts to award damages beyond that amount.

¶ 14 Kahl argues *Alto Jake Holdings* should be overturned on the ground that this Court did not consider whether the concurrent jurisdiction statutes supplant the general \$15,000 limit and place justice courts on equal jurisdictional footing with district courts in landlord-tenant disputes.

¶ 15 Subject matter jurisdiction is the “threshold power and authority of a court to hear and determine a claim or issue.” *Alto Jake Holdings*, ¶ 28. The Constitution, and statutes

adopted pursuant to the Constitution, provide for and establish the scope of the courts' jurisdiction. *Stanley*, ¶ 52. Article VII, Section 5(2), of the Montana Constitution delegates the power to confer jurisdiction on justice courts to the Legislature. As courts of limited jurisdiction, justice courts lack the authority to hear and determine any case when such power is not conferred by statute. *Alto Jake Holdings*, ¶ 29; *Oppenheimer v. Regan*, 32 Mont. 110, 116, 79 P. 695, 696 (1905).

¶16 Three statutes bear on the issue of whether the Justice Court had jurisdiction to enter the Damages Judgment.

¶17 Section 3-10-301(1)(b), MCA, provides, in relevant part:

(1) *Except as provided in 3-11-103 and in subsection (2) of this section*, the justices' courts have jurisdiction:

. . . .

(b) in actions for damages not exceeding \$15,000, exclusive of court costs and attorney fees, for taking, detaining, or injuring personal property or for injury to real property when no issue is raised by the verified answer of the defendant involving the title to or possession of the real property.

Section 3-10-301(1)(b), MCA (emphasis added).

¶18 In *Alto Jake Holdings*, we held § 3-10-301, MCA, placed express limits on the money damages a justice court may award in a civil case. *Alto Jake Holdings*, ¶ 29. We reviewed the issue of jurisdiction sua sponte because lack of subject matter jurisdiction cannot be waived and may be raised at any time during the proceeding. *Alto Jake Holdings*, ¶ 28. In that case, the landlord filed a statutory unlawful detainer action against two tenants who rented mobile homes on adjoining properties. *Alto Jake Holdings*, ¶¶ 3–4. The Justice

Court entered judgment against the tenants and awarded the landlord \$20,524 in compensatory damages. *Alto Jake Holdings*, ¶ 29. Because the award “exceeded the Justice Court’s \$12,000 jurisdictional limit by \$8,524,” we reversed and remanded for entry of a corrected judgment providing \$12,000³ in compensatory damages to the landlord. *Alto Jake Holdings*, ¶ 30. We determined that “justice courts have no jurisdiction in civil actions to award money damages” exceeding the statutory limit set by § 3-10-301, MCA. *Alto Jake Holdings*, ¶ 29.

¶19 Notwithstanding the express statutory limitation imposed by § 3-10-301, MCA, the Justice Court reasoned it could exceed this limitation because § 70-27-101, MCA, granted “concurrent jurisdiction with the District Court for proceedings involving rental property.” The Justice Court did not attempt to distinguish *Alto Jake Holdings* in the present case.

¶20 Section 70-27-101, MCA, provides:

- (1) This chapter, except as it relates to forcible detainer as defined in 70-27-103(2) only and as it relates to forcible entry, does not apply to arrangements governed by chapter 24 of this title.
- (2) The district court of the county in which the property or some part of it is situated shall have jurisdiction of proceedings under this chapter, provided that justices’ courts, within their respective counties, shall have concurrent jurisdiction.

Section 70-27-101, MCA.

¶21 Statutes are interpreted in accordance with their plain meaning. *State v. Goebel*, 2001 MT 73, ¶ 16, 305 Mont. 53, 31 P.3d 335 (citations omitted). If the statute’s language

³ Section 3-10-301, MCA, was amended in 2021 to increase the jurisdictional limit from \$12,000 to \$15,000.

is clear and unambiguous, then the statute speaks for itself, and no further interpretation is required. *Goebel*, ¶ 17.

¶22 The Justice Court concluded it had jurisdiction over the parties and the subject matter pursuant to the MRLTA, codified at Title 70, Chapter 24, Montana Code Annotated. To that extent, the Justice Court was correct, in light of the grounds for relief stated in Kahl’s Complaint. *See* § 70-24-427(1), MCA (defining a landlord’s remedies as claims for possession, rent, and actual damages resulting from breach of the rental agreement). The Justice Court then concluded it had authority to enter a money judgment greater than \$15,000 pursuant to § 70-27-101, MCA. This conclusion was incorrect. Section 70-27-101(1), MCA, limits its application to the MRLTA to actions related to forcible entry and forcible detainer. Aside from those two limited exceptions, § 70-27-101(1), MCA, expressly states that Title 70, Chapter 27 “does *not* apply to arrangements governed by [the MRLTA].” Section 70-27-101(1), MCA (emphasis added). Section 70-27-101, MCA, does not confer jurisdiction, concurrent or otherwise, on the Justice Court over a claim brought under the MRLTA for money damages exceeding \$15,000.

¶23 In relevant part, Section 3-10-302, MCA, states that “justices’ courts have concurrent jurisdiction with the district courts . . . in actions brought under Title 70, chapters 24, 25, and 33.” Section 3-10-302, MCA. But *specifically* as it pertains to the \$15,000 jurisdictional limit in civil matters, § 3-10-301, MCA, allows for *only* two exceptions, neither of which apply to this case. Section 3-10-301(1), MCA (“Except as

provided in 3-11-103 and in subsection (2) of this section . . .”). The role of courts in applying a statute is “to ascertain and declare what is in terms or in substance contained” in the statute; it is not the province of the court to “insert what has been omitted or to omit what has been inserted.” Section 1-2-101, MCA; *Goebel*, ¶ 16. The Justice Court erred by inserting a third exception—when a justice court exercises concurrent jurisdiction—into the specific jurisdictional limitation restricting the amount of damages that may be awarded in a civil action in justice court to \$15,000.

CONCLUSION

¶24 The Justice Court lacked jurisdiction to enter a monetary judgment for an amount exceeding the \$15,000 limit imposed by § 3-10-301, MCA. We reverse and remand for entry of an order vacating the compensatory damages award of \$58,753.73 and dismissing the claim for compensatory damages without prejudice to Kahl’s right to refile his claim for damages in District Court.⁴ The Justice Court’s award of attorney fees and costs is affirmed.⁵

/S/ JAMES JEREMIAH SHEA

We Concur:

/S/ LAURIE McKINNON
/S/ INGRID GUSTAFSON
/S/ BETH BAKER
/S/ JIM RICE

⁴ Regardless of any statutory limitations that may otherwise be applicable, § 27-2-407, MCA, allows Kahl to bring a new action in district court within one year from the date of this Opinion.

⁵ Polkow did not appeal the award of attorney fees and costs.