

15.2: Subject Matter Jurisdiction



Summary of Rules: Subject Matter Jurisdiction

1. A court must always have subject matter jurisdiction, and personal jurisdiction over at least one defendant, to hear and decide a case.
2. A state court will have subject matter jurisdiction over any case that is not required to be brought in a federal court.
 - Remember: Some cases can *only* be brought in federal court, such as bankruptcy cases, cases involving federal crimes, patent cases, and Internal Revenue Service tax court claims. The list of cases for exclusive federal jurisdiction is fairly short. That means that almost any state court will have subject matter jurisdiction over almost any kind of case. If it's a case based on state law, a state court will always have subject matter jurisdiction.
3. A federal court will have subject matter jurisdiction over any case that is based on:
 - Federal law (statute, case, or US Constitution); **or**
 - State law where (1) the parties have diverse residency **and** (2) the amount in controversy is over \$75,000. (This is called "diversity subject matter jurisdiction.")
 - **Diverse residency** means that no plaintiff can have permanent residence in a state where any defendant has permanent residence—there must be complete diversity of citizenship as between all plaintiffs and defendants.
 - A **corporation** is considered a resident where it is incorporated **AND** where it has a **principal place of business**.
 - The **amount in controversy requirement** means that a good-faith estimate of the amount the plaintiff may recover more than \$75,000.
 - Here, the federal court will interpret and apply state law governing the dispute.

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