

HB 1864 -- JUDGMENT INTEREST RATES

SPONSOR: Trent

Currently, in nontort actions, interest is allowed on all money due upon any judgment or court order from the date judgment is entered by the court until satisfaction of the judgment or order is made. Judgments and orders for money on contracts having more than 9% interest shall have the same interest rate for the judgment or order, and all other judgments and orders for money will have a 9% per year interest rate until satisfaction of the judgment or order is made. This bill changes the provisions, specifying that contracts having more than 5% interest shall have the same rate for the judgment or order, and all other judgments and orders for money shall have an annual interest rate at the lesser of 5% or the Federal Funds rate, as established by the Federal Reserve Board, plus 2%, until satisfaction of the judgment or order is made.

In tort actions, the interest rate currently allowed for judgments and orders is an annual interest rate equal to the intended Federal Funds Rate, as established by the Federal Reserve Board, plus 5%. This bill changes the provision to plus 2%. In no case shall the annual interest rate on any judgment or order exceed 5%. Similarly, in tort cases where there is a judgment for prejudgment interest, the provision is changed to plus 2% from plus 5%, and in no case shall the annual interest rate on any judgment or order exceed 5%.