
Judiciary Committee

ESB 6764

Title: An act relating to accrual of interest on judgments founded on tortious conduct.

Brief Description: Regarding accrual of interest on judgments founded on tortious conduct.

Sponsors: Senators Gordon, Pflug, Oemig, McCaslin, Kline and Hargrove.

<p style="text-align: center;">Brief Summary of Engrossed Bill</p> <ul style="list-style-type: none">• Modifies the interest rate on tort judgments to be the maximum permissible rate for all persons and entities, except the rate for public agencies, certain nonprofit or charitable organizations, and certain businesses is not modified.

Hearing Date: 2/18/10

Staff: Rebecca Jones (786-5793) and Trudes Tango (786-7384).

Background:

Tort judgments accrue interest from the date of entry of the judgment at a rate prescribed by law. The maximum permissible interest rate under the general usury law is the higher of 12 percent or 4 percentage points above the equivalent coupon issue yield of the average bill rate for 26-week treasury bills (T-bills). In 2004, the Legislature changed the interest rate on a tort judgment from the maximum permissible interest rate to a rate of 2 percentage points above the 26-week T-bill rate.

A public agency is defined as: (a) any state board, commission, committee, department, educational institution, or other state agency which is created by statute, other than courts and the legislature; (b) any county, city, school district, special purpose district, or other municipal corporation or political subdivision of the state of Washington; (c) any sub-agency of a public agency which is created by statute, ordinance, or other legislative act, including but not limited to planning commissions, library or park boards, commissions, and agencies; or (d) any policy group whose membership includes representatives of publicly owned utilities.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

The interest rate on judgments arising from the tortious conduct of a public agency, nonprofit or charitable organization employing fewer than 50 people, or a business employing fewer than 50 people remains at 2 percentage points above the 26-week T-bill rate.

The interest rate on judgments arising from the tortious conduct of any other person or entity is the higher of 12 percent or 4 percentage points above the 26-week T-bill rate.

The act is to be known and cited as the Appellate Congestion Reduction Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.