



House of Representatives

General Assembly

File No. 536

January Session, 2001

House Bill No. 6587

House of Representatives, May 1, 2001

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING INTEREST ON JUDGMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 37-3a of the general statutes is repealed and the following is
2 substituted in lieu thereof:

3 Except as provided in sections 37-3b, 37-3c and 52-192a, interest at
4 the rate of ten per cent a year, and no more, may be recovered and
5 allowed in civil actions or arbitration proceedings under chapter 909,
6 including actions to recover money loaned at a greater rate, as
7 damages for the detention of money after it becomes payable. Upon
8 entry of a civil judgment, interest shall accrue at the rate of ten per cent
9 per year. Judgment may be given for the recovery of taxes assessed
10 and paid upon the loan, and the insurance upon the estate mortgaged
11 to secure the loan, whenever the borrower has agreed in writing to pay
12 such taxes or insurance or both. Whenever the maker of any contract is
13 a resident of another state or the mortgage security is located in
14 another state, any obligee or holder of such contract, residing in this

15 state, may lawfully recover any agreed rate of interest or damages on
16 such contract until it is fully performed, not exceeding the legal rate of
17 interest in the state where such contract purports to have been made or
18 such mortgage security is located.

JUD *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Yes

Affected Agencies: Various

Municipal Impact: Yes

Explanation

State and Municipal Impact:

Current law *permits* interest to accrue at the rate of 10% regarding recovery for damages in civil actions or court-approved arbitration awards. The bill *requires* automatic accrual at this rate and to the extent that state agencies and municipalities are parties to civil suits, passage of the bill would result in potential indeterminate costs and revenues.

OLR Bill Analysis

sHB 6587

AN ACT CONCERNING INTEREST ON JUDGMENTS.**SUMMARY:**

This bill requires, rather than permits, interest to accrue on civil money judgments and court-approved arbitration awards at the rate of 10% yearly. As under current law, it does not apply to judgments in:

1. negligence actions arising after May 26, 1997,
2. condemnation cases (where the government uses its eminent domain powers to take private property),
3. civil actions for contractual or money damages in which the plaintiff made an offer of judgment (offered before trial to stipulate to a court judgment for a specific amount), or
4. certain contract actions involving an out-of-state maker or a mortgage secured by out-of-state property.

Special legal rules apply to interest accruals in these types of cases.

EFFECTIVE DATE: October 1, 2001

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Report

Yea 38 Nay 0