

Senate Fiscal Agency
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SFA

BILL ANALYSIS

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House Bill 4448 (Substitute H-2 as reported without amendment)
Sponsor: Representative Andrew Richner
House Committee: Civil Law and the Judiciary
Senate Committee: Judiciary

CONTENT

The bill would amend the Revised Judicature Act to revise a provision pertaining to interest calculated when a judgment is rendered on a written instrument.

Currently, for complaints filed on or after January 1, 1987, if a judgment is rendered on a written instrument, interest must be calculated from the date of the filing of the complaint to the date of satisfaction of the judgment at the rate of 12% per year compounded annually, unless the instrument has a higher rate of interest. In that case, interest must be calculated at the rate specified in the instrument, if the rate was legal at the time the instrument was executed. In no case, however, may the rate exceed 13% per year compounded annually after the date judgment is entered. Under the bill, that provision would apply to complaints filed on or after January 1, 1987, but before July 1, 2001, except as described below.

The bill provides that, for a complaint filed on or after January 1, 1987, but before July 1, 2001, if the civil action had not resulted in a final, nonappealable judgment as of July 1, 2001, and if a judgment were or had been rendered on a written instrument that did not evidence indebtedness with a specified interest rate, interest would have to be calculated as provided in the Act for complaints filed after January 1, 1987, that were not rendered on a written instrument. In those situations, interest is calculated at six-month intervals, from the date of the filing of the complaint, at a rate equal to 1% plus the average interest rate paid at auctions of five-year U.S. Treasury notes during the six months immediately preceding July 1 and January 1, as certified by the State Treasurer, and compounded annually.

For a complaint filed on or after July 1, 2001, if a judgment were rendered on a written instrument evidencing indebtedness with a specified interest rate, interest would have to be calculated from the date of the filing of the complaint to the date of satisfaction of the judgment at the rate specified in the instrument if the rate were legal at the time the instrument was executed. The rate could not exceed 13% per year compounded annually after the date judgment was entered.

MCL 600.6013

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 10-18-01

Fiscal Analyst: B. Bowerman