

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 432
Judiciary

(Delegate Rosenberg)

Courts - Interest Rate on Judgments

This bill modifies the general interest rate on judgments from 10% per annum to the weekly average one-year constant maturity treasury yield, published by the Federal Reserve System, for the calendar week preceding the date of the judgment. The bill does not modify the interest rates on judgments for rent of residential premises or delinquent real or personal property taxes.

Fiscal Summary

State Effect: The bill is not expected to have a significant impact on judicial finances or operations.

Local Effect: None – see above.

Small Business Effect: None.

Analysis

Current Law: Current legal interest rates are set by statute and vary according to the type of judgment.

**Exhibit 1
State Interest Rates**

<i>Type of Judgment</i>	<i>Interest Rate (per annum)</i>
General Post-judgment Rate	10%
Judgment on a Contract for the Loan of Money	Interest rate charged in the contract until the date of maturity on the principal only; after the date, general interest rate
Rent of Residential Premises	6%
Delinquent Real or Personal Property Taxes	The greater of: (a) the sum of the interest rates and penalties set by the Tax-Property Article; or, (b) 10%

Background: On December 21, 2000, federal legislation was signed that eliminated the Treasury Bills auction in determining the interest on federal post-judgment interest debts. The new interest rate applicable to judgments in federal court is based on the weekly average one-year constant maturity Treasury yield for the calendar week preceding the entry of the judgment.

The rate for the week ending February 4, the most recent available, is 2.95%.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2005
mp/jr

Analysis by: Kineta A. Rotan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510