

ENGROSSED HOUSE
BILL NO. 2031

By: Vaughn of the House
and
Hendrick of the Senate

An Act relating to civil procedure; amending 12 O.S. 1991, Section 727, which relates to interest on judgments; prescribing method for computation of postjudgment interest; providing for maximum amount of postjudgment interest for which governmental entities liable; prescribing method for computation of interest using annually determined interest rate; prescribing method for computation of prejudgment interest; providing for maximum amount of prejudgment interest for which governmental entities liable; modifying references; providing for use of interest rate computations on certain judgments; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 12 O.S. 1991, Section 727, is amended to read as follows:

Section 727.

POSTJUDGMENT INTEREST

A. ~~All~~ Except as otherwise provided by this section, all judgments of courts of record shall bear interest at a rate

prescribed pursuant to subsection ~~B I~~ of this section, ~~except~~
~~judgments.~~

B. Judgments against this state and or its political subdivisions, including counties, municipalities, school districts, and public trusts of which this state or a political subdivision of this state is a beneficiary, which shall bear interest during the term of judgment at a rate prescribed pursuant to subsection B I of this section, but not to exceed ten percent (10%), from the date of rendition, provided that:

1. ~~When.~~ No judgment against this state or its political subdivisions, including counties, municipalities, school districts, and public trusts of which this state or a political subdivision of this state is a beneficiary, inclusive of postjudgment interest, shall exceed the total amount of liability of the governmental entity pursuant to the Governmental Tort Claims Act.

C. The postjudgment interest authorized by subsection A or subsection B of this section shall accrue from the date as of which the judgment is rendered, irrespective of the date as of which the judgment is filed with a court clerk or with a county clerk, and shall initially accrue at the rate in effect for the calendar year during which the judgment is rendered until the end of the calendar year in which the judgment was rendered, or until the judgment is paid, whichever first occurs. Beginning on the first day of January of the next succeeding calendar year until the end of that calendar year, or until the judgment is paid, whichever first occurs, the judgment shall bear interest at the rate in effect for judgments rendered during such calendar year as certified by the Administrative Director of the Courts pursuant to subsection I of this section. For each succeeding calendar year, or part of a calendar year, during which a judgment remains unpaid, the judgment shall bear interest at the rate in effect for judgments rendered during such calendar year as certified by the Administrative

Director of the Courts pursuant to subsection I of this section. A separate computation using the interest rate in effect for judgments as provided by subsection I of this section shall be made for each calendar year, or part of a calendar year, during which the judgment remains unpaid in order to determine the total amount of interest for which the judgment debtor is liable. The postjudgment interest rate for each calendar year, or part of a calendar year, a judgment remains unpaid shall be multiplied by the original amount of the judgment, including any prejudgment interest. No interest shall accrue on the amount of postjudgment interest authorized by this subsection. Interest shall accrue on a judgment in the manner prescribed by this subsection until the judgment is satisfied or released.

D. If a rate of interest is specified in a contract, the rate therein shall apply to the judgment debt and be specified in the journal entry of judgment. Said rate shall not exceed the lawful rate for such obligation; ~~or~~

~~2. When.~~

PREJUDGMENT INTEREST

E. Except as provided by subsection F of this section, if a verdict for damages by reason of personal injuries or injury to personal rights including, but not limited to, injury resulting from bodily restraint, personal insult, defamation, invasion of privacy, injury to personal relations, or detriment due to an act or omission of another is accepted by the trial court, the court in rendering judgment shall add interest on said verdict at a rate prescribed pursuant to subsection ~~B~~ I of this section from the date the suit resulting in the judgment was commenced to the date of verdict, ~~except such.~~ The interest rate for computation of prejudgment interest shall begin with the rate prescribed by subsection I of this section which is in effect for the calendar year in which the suit resulting in the judgment is commenced. This rate shall be in

effect until the end of the calendar year in which the suit resulting in judgment was filed or until the date judgment is rendered, whichever first occurs. Beginning on the first day of January of the next succeeding calendar year until the end of that calendar year, or until the date judgment is rendered, whichever first occurs, and for each succeeding calendar year thereafter, the prejudgment interest rate shall be the rate in effect for judgments rendered during each such calendar year as certified by the Administrative Director of the Courts pursuant to subsection I of this section. After the computation of all prejudgment interest has been completed, the total amount of prejudgment interest shall be added to the amount of the judgment rendered pursuant to the trial of the action, and the total amount of the resulting judgment shall become the amount upon which postjudgment interest is computed pursuant to subsection A of this section.

F. If a verdict of the type described by subsection E of this section is rendered against this state and or its political subdivisions, including counties, municipalities, school districts, and public trusts of which this state or a political subdivision of this state is a beneficiary, the judgment shall bear interest at the rate prescribed pursuant to subsection ~~B~~ I of this section, but not to exceed ten percent (10%) from the date the suit was commenced to the date of verdict, ~~provided that if~~. The interest rate for computation of prejudgment interest shall begin with the rate prescribed by subsection I of this section which is in effect for the calendar year in which the suit resulting in the judgment is commenced. This rate shall be in effect until the end of the calendar year in which the suit resulting in judgment was filed or until the date judgment is rendered, whichever first occurs. Beginning on the first day of January of the next succeeding calendar year until the end of that calendar year, or until the date judgment is rendered, whichever first occurs, and for each

succeeding calendar year thereafter, the prejudgment interest rate shall be the rate in effect for judgments rendered during each such calendar year as certified by the Administrative Director of the Courts pursuant to subsection I of this section. After the computation of prejudgment interest has been completed, the amount shall be added to the amount of the judgment rendered pursuant to the trial of the action, and the total amount of the resulting judgment shall become the amount upon which postjudgment interest is computed pursuant to subsection B of this section. No award of prejudgment interest against this state or its political subdivisions, including counties, municipalities, school districts, and public trusts of which this state or a political subdivision of this state is a beneficiary, including the amount of the judgment awarded pursuant to trial of the action, shall exceed the total amount of liability of the governmental entity pursuant to the Governmental Tort Claims Act.

G. If exemplary or punitive damages are awarded in an action for personal injury or injury to personal rights including, but not limited to, injury resulting from bodily restraint, personal insult, defamation, invasion of privacy, injury to personal relations, or detriment due to an act or omission of another, the interest on said award shall ~~commence~~ begin to accrue as of the date the judgment is ~~entered~~ rendered by the trial court; ~~or~~.

~~3. When~~ H. If a judgment is rendered establishing the existence of a lien against property and no rate of interest exists, the court shall allow prejudgment interest at a rate prescribed pursuant to subsection ~~B~~ I of this section from the date the lien is filed to the date of verdict.

~~B. I.~~ I. For purposes of computing either postjudgment interest or prejudgment interest as authorized by this section, interest shall be ~~at an annual~~ determined using a rate equal to the average United States Treasury Bill rate of the preceding calendar year as

certified to the Administrative Director of the Courts by the State Treasurer on the first regular business day in January of each year, plus four percentage points.

J. For purposes of computing postjudgment interest, the provisions of this section, including the amendments prescribed by this act, shall be applicable to all judgments of the district courts rendered on or after January 1, 1998. Effective January 1, 1998, the method for computing postjudgment interest prescribed by this section shall be applicable to all judgments remaining unpaid rendered prior to January 1, 1998.

K. For purposes of computing prejudgment interest, the provisions of this section, including the amendments prescribed by this act, shall be applicable to all actions which are filed in the district courts on or after January 1, 1998, for which an award of prejudgment interest is authorized by the provisions of this section.

SECTION 2. This act shall become effective January 1, 1998.

Passed the House of Representatives the 18th day of February, 1997.

Speaker of the House of Representatives

Passed the Senate the ____ day of _____, 1997.

President of the Senate