

FEB 18 1997

JUDICIARY

HOUSE FILE
BY KREMER

278

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act setting the interest rate on judgments and decrees.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 278

1 Section 1. Section 535.3, Code 1997, is amended to read as
2 follows:

3 535.3 INTEREST ON JUDGMENTS AND DECREES.

4 1. Interest shall be allowed on all money due on judgments
5 and decrees of courts ~~at-the-rate-of-ten-percent-per-year,~~
6 unless as follows:

7 a. If a different rate is fixed by the contract on which
8 the judgment or decree is rendered, in-which-case the judgment
9 or decree shall draw interest at the rate expressed in the
10 contract, but may not exceeding exceed the maximum applicable
11 rate permitted by the provisions of section 535.27-~~which.~~ The
12 contract rate of interest must be expressed in the judgment or
13 decree. ~~The-interest~~

14 b. Structured, periodic, or other nonlump-sum payments
15 ordered by the court pursuant to section 668.3, subsection 7,
16 shall reflect interest in accordance with annuity principles.

17 c. In all other cases, a judgment or decree shall draw
18 interest at a rate equal to the coupon issue yield equivalent,
19 as determined by the United States secretary of the treasury,
20 of the average accepted auction price for the last auction of
21 fifty-two-week United States treasury bills settled
22 immediately prior to the date of judgment. The state court
23 administrator shall distribute notice monthly to all district
24 courts of the current rate.

25 2. Interest shall accrue from the date of the commencement
26 of the action, and shall be computed daily to the date of
27 payment, except as otherwise provided in subsection-3 this
28 section.

29 ~~2.--This-section-does-not-apply-to-the-award-of-interest~~
30 ~~for-judgments-and-decrees-subject-to-section-668.13-~~

31 3- a. Interest on periodic payments for child, spousal, or
32 medical support shall not accrue until thirty days after the
33 payment becomes due and owing.

34 b. Interest on future damages awarded according to section
35 668.3, subsection 8, shall not accrue until the date of the

1 entry of judgment.

2 c. Interest on structured judgments entered pursuant to
3 section 668.3, subsection 7, shall accrue according to the
4 order of the court issued in accordance with that section.

5 Sec. 2. Section 668.13, Code 1997, is amended to read as
6 follows:

7 668.13 INTEREST ON JUDGMENTS.

8 Interest ~~shall be allowed on all money due~~ on judgments and
9 decrees on actions brought pursuant to this chapter, ~~subject~~
10 ~~to the following:~~ shall be calculated according to the
11 provisions of section 535.5.

12 ~~1.--Interest, except interest awarded for future damages,~~
13 ~~shall accrue from the date of the commencement of the action.~~

14 ~~2.--If the interest rate is fixed by a contract on which~~
15 ~~the judgment or decree is rendered, the interest allowed shall~~
16 ~~be at the rate expressed in the contract, not exceeding the~~
17 ~~maximum rate permitted under section 535.2.~~

18 ~~3.--Interest shall be calculated as of the date of judgment~~
19 ~~at a rate equal to the coupon issue yield equivalent, as~~
20 ~~determined by the United States secretary of the treasury, of~~
21 ~~the average accepted auction price for the last auction of~~
22 ~~fifty-two week United States treasury bills settled~~
23 ~~immediately prior to the date of the judgment.--The state~~
24 ~~court administrator shall distribute notice monthly of that~~
25 ~~rate and any changes to that rate to all district courts.~~

26 ~~4.--Interest awarded for future damages shall not begin to~~
27 ~~accrue until the date of the entry of the judgment.~~

28 ~~5.--Interest shall be computed daily to the date of the~~
29 ~~payment, except as may otherwise be ordered by the court~~
30 ~~pursuant to a structured judgment under section 668.37, subsec-~~
31 ~~tion 7.~~

32 ~~6.--Structured, periodic, or other nonlump-sum payments~~
33 ~~ordered pursuant to section 668.37, subsection 7, shall reflect~~
34 ~~interest in accordance with annuity principles.~~

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EXPLANATION

1 This bill amends Code section 535.3 to provide that the
2 rate of interest on judgments and decrees shall be equal to
3 the coupon issue rate of 52-week United States treasury bills
4 unless a different rate is set by the contract upon which the
5 judgment is issued, or unless a structured judgment is
6 established under Code section 668.3, subsection 7.

7 The bill also makes an editorial change by deleting
8 duplicative provisions contained in Code section 668.13,
9 incorporating nonduplicative provisions of Code section 668.13
10 into Code section 535.3, and then amending Code section 668.13
11 to provide that interest will be calculated on judgments
12 according to Code section 535.3. As a result, all rules
13 regarding calculation of interest on judgments would be
14 contained in one Code section.

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