

S.2505 / A.3005 Part AA

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BILL S.2505 / A.3005 Part AA
SUBJECT Limits Annual Rate of Interest on Judgement or Accrued Claim
DATE February 18, 2021
SUPPORT

The Business Council supports the provisions in S.2505 / A.3005 Part AA, which would calculate the annual rate of interest to be paid on a judgment or accrued claim at the one-year United States treasury bill rate.

Replacement of the current, excessively high, nine percent interest rate on judgments in civil lawsuits and replacing it with the prevailing market rate of interest is both logical and fair. Such a change would be good for New York consumers who have had to pay this excessive rate on judgments for years. It would also greatly benefit municipalities throughout the state and concurrently help control insurance rates for all purchasers.

The nine percent interest rate dates back to the early 1980s, when interest rates in the United State were in the double-digits. Today they are under three percent. This creates an unnecessary and unwarranted windfall on judgement interest.

This provision is logical in that it pairs the interest on judgments with actual current economic conditions and rates in place at the time of the judgment's entry and ensures that neither plaintiff nor defendant are put at an advantage or disadvantage.

It is for these reasons that The Business Council supports the provisions in S.2505 / A.3005 Part AA and urges its inclusion in the final budget.