S.5724 (Thomas) / A.6474 (Weinstein)

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BILL
S.5724 (Thomas) / A.6474 (Weinstein)
SUBJECT
Consumer Debt Judgments
DATE
May 18, 2021
OPPOSE

The Business Council opposes S.5724 (Thomas) / A.6474 (Weinstein), which modifies the rate at which interest accrues on money judgments for consumer debt from the current rate 9% to a rate equal to the weekly average "one-year United States Treasury Bill rate", which shall be calculated based on the "weekly average one-year constant maturity treasury yield, as published by the board of governors of the federal reserve system." The "one-year United States Treasury Bill rate" is then applied to the judgment based on the rate in effect "for the first full calendar week of the calendar month preceding the date in which the judgment awarding damages is entered."

This legislation sets up a system wherein the court system becomes responsible for regularly tracking and publishing this rate. Not only is this outside the expertise of the court system but it will create unnecessary confusion among the courts and litigants who have been able to rely on a predictable rate. With monthly updates, there will be 12 different interest rates – leading to great confusion and greater costs.

Further, this bill is detrimental to small businesses. The service sector in particular, who extend payment plans to consumers will collect a lower interest for unpaid judgments. The increased administrative burden caused by the frequent change in the interest rate will be especially difficult for these small business to track.

When one considers the nominal fluctuations in the T-bill rates month-to-month over the last several years, this bill is adding burdens for very modest fluctuations in rate. Now is not the time to create further burdens on small businesses.

For these reasons, The Business Council opposes S.5724 (Thomas) / A.6474 (Weinstein).