

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 608

H. P. 501

House of Representatives, February 16, 1979

On Motion of Mr. Hobbins of Saco, referred to the Committee on Judiciary. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Simon of Lewiston.

Cosponsors: Mr. Gray of Rockland, Mr. McKean of Limestone, Mrs. Payne of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Increase Interest Rates on Judgment Debts to 18%.

Be it enacted by the People of the State of Maine, as follows:

14 MRSA § 1602, as last repealed and replaced by PL 1977, c. 147, is repealed and the following enacted in its place:

§ 1602. Interest on judgments

In all civil actions, interest shall be assessed against any party required to pay a money judgment from the date the complaint is filed in court until the date of payment at the rate of 18% per year true annual interest. The prevailing party shall calculate the total interest payment due through the date of judgment and the daily amount of interest due from that date until the date of payment. These figures shall be submitted to the clerk who shall incorporate them in the execution. The prevailing party may demand a lower rate of interest than allowed by this section. If he demands a higher rate of interest, by error or otherwise, then he shall be entitled to interest at the rate of only 10% per year. If any party required to pay interest under this section fails to pay the amount required at the time he pays the judgment debt, he shall be liable for 3 times the total amount of interest due under this section.

Disputes over the amount of interest demanded or paid shall be resolved by the court which issued the judgment upon a petition brought by either party, with or without a hearing, in the discretion of the court.

If the prevailing party has, during the course of the subject litigation, requested and obtained a continuance for a period in excess of 30 days, the party paying interest may dispute the amount of interest which accrued during the course of any such continuance and, if it may appear to the court that the continuance was unreasonably long, may be relieved by the court of paying the interest which accrued during that time.

STATEMENT OF FACT

This bill provides that if a court orders a person to pay money to another party, and that person does not pay it at the time specified by the court, he shall be required to pay 18% interest on the money not paid. Under current law, the interest rate in such cases is 6% for the time between filing the complaint and deciding the case, and 10% after that. This set of rules makes it cheaper for a person who has wronged another to delay paying the judgment against him until the sheriff threatens to take his property in lieu of money, because a person can, in effect, "borrow" the money from the injured party, involuntarily, at a lower rate of interest than he could obtain from a bank.

By raising the interest rate to compete with bank charge cards and revolving charge accounts, the bill gives an incentive to these people to pay what they owe at the time the case is decided, or even to settle debts without forcing another person to take them to court.