

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1393

6
7 H.P. 1049

House of Representatives, March 30, 1983

8 Referred to the Committee on Judiciary. Sent up for concurrence and
9 ordered printed. Ordered sent forthwith.

10 EDWIN H. PERT, Clerk

Presented by Representative Mitchell of Vassalboro.

Cosponsors: Representative Benoit of So. Portland, Representative
11 Paradis of Augusta and Senator Wood of York.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Require the Payment of Prejudgment
18 Interest at Prevailing Market Rates on
19 all Judgments, Dating from the Time of
20 the Incident Giving Rise to the Claim.
21

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

24 Sec. 1. 14 MRSA §1602, as amended by PL 1981, c.
25 162, §§1 and 2, is repealed and the following enacted
26 in its place:

27 §1602. Interest before judgments

28 1. Prejudgment interest; rate; avoidance. In
29 all civil actions, except those actions involving a
30 contract or note which contains a provision relating
31 to interest, interest shall be assessed at the stan-
32 dard interest rate as determined by the State Tax
33 Assessor, pursuant to Title 36, section 187, that

1 interest shall accrue from the time of the incident
2 giving rise to the cause of action until the date on
3 which an order of judgment is entered. If the pre-
4 vailing party at any time requests and obtains a con-
5 tinuance for a period in excess of 30 days, interest
6 shall be suspended for the duration of the continu-
7 ance. On petition of the nonprevailing party and on
8 a showing of good cause, the trial court may order
9 that interest awarded by this section shall be fully
10 or partially waived.

11 2. Impact on post-judgment interest. This
12 section shall not affect post-judgment interest
13 imposed by section 1602-A, provided, that prejudgment
14 interest shall be added to the judgment amount in
15 determining the sum upon which post-judgment interest
16 shall accrue.

17 3. Limitation. Subsection one shall not apply
18 to judgments of less than \$5,000. For those judg-
19 ments, interest shall accrue only from the date on
20 which the complaint is filed and at a fixed rate of
21 8% per year.

22 Sec. 2. 14 MRSA §1602-A is enacted to read:

23 §1602-A. Interest after judgment

24 From and after the date of entry of an order of
25 judgment, including the period of the pendency of an
26 appeal, interest shall be allowed at the rate of 15%
27 per year.

28 Sec. 3. Applicability. The interest rate and
29 the date of accrual in this Act shall only apply to
30 actions and awards for which the incident giving rise
31 to the cause of action occurs on or after the effec-
32 tive date of this Act. The version of section 1602
33 repealed by this Act shall apply to all complaints
34 filed which relate to actions for which the incident
35 giving rise to the cause of action occurred before
36 the effective date of this Act.

1

STATEMENT OF FACT

2

This bill establishes the interest rate before judgment as the rate that is currently used by the State Tax Assessor for delinquent taxes. The State Tax Assessor's standard interest rate is determined by regulation, but may not exceed the highest conventional rate of interest charged for commercial unsecured loans by state banking institutions on the first business day of the calendar year.

3

4

5

6

7

8

9

10

11

12

13

14

15

Interest shall accrue from the time of the incident giving rise to the cause of action. The purpose of allowing interest to accrue from the time of the incident is to promote expeditious settlements of claims and to discourage defendants from deferring trials.

16

17

18

19

20

21

This bill does not apply to judgments of less than \$5,000, at which level the calculational difficulties of establishing interest due may not be warranted by the amounts involved. The bill is designed to discourage delays by major, sophisticated defendants and not small claim debtors.

22

23

This bill does not change the post-judgment interest provisions of current law.

24

1785031183