

# SENATE BILL REPORT

## HB 2485

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As Reported By Senate Committee On:  
Judiciary, February 27, 2004

**Title:** An act relating to postjudgment interest on tort judgments.

**Brief Description:** Revising the rate of interest on certain tort judgments.

**Sponsors:** Representatives Lantz, Carrell, Newhouse, Alexander, Jarrett, Moeller, Sommers, Kagi, Upthegrove, Schual-Berke and Darneille.

**Brief History:**

**Committee Activity:** Judiciary: 2/25/04, 2/27/04 [DPA, DNP].

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### SENATE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass as amended.

Signed by Senators McCaslin, Chair; Esser, Vice Chair; Brandland, Hargrove, Haugen and Johnson.

**Minority Report:** Do not pass.

Signed by Senators Kline and Thibaudeau.

**Staff:** Aldo Melchiori (786-7439)

**Background:** Interest accrues on a tort judgment from the date of entry of the judgment at the maximum rate allowed under the state's general usury law. It is the higher of 12 percent or four points above the 26-week T-bill rate established by the Federal Reserve Board. This method of determining the rate was enacted in 1983 and applies to tort judgments against defendants who are government entities or private entities. Prior to 1983, the interest rate on judgments against private party defendants was 12 percent, and on judgments against the state it was 8 percent.

**Summary of Amended Bill:** The interest rate on tort judgments is determined by adding two points to the 26-week T-bill rate. This new method of calculating interest rates applies to interest on judgments still accruing interest on the effective date of the act, as well as to interest on judgments entered after the act takes effect.

**Amended Bill Compared to Original Bill:** It is clarified that interest on criminal judgments remains at the current level. Interest of judgments founded upon tortious conduct is 2 percent, rather than 4 percent, above the average treasury bill rate.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This allows prevailing plaintiffs to be made whole without unjust enrichment. The current 12 percent rate is punitive and discourages justifiable appeals.

**Testimony Against:** This bill singles out one class of citizens and severely limits the interest rates on their judgments. The present rate discourages frivolous appeals. These plaintiffs wait two to three years while their cases are appealed.

**Testified:** PRO: Paul Chasco Association of Washington Cities; Sophia Byrd, WA Association of Counties; CON: Larry Shannon, WSTLA.