

BILL ANALYSIS

Senate Research Center
76R7285 DAK-F

S.B. 776
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Technology & Business Growth
4/6/1999
As Filed

DIGEST

Currently, the pre-judgment interest rate is based on the interest rates of treasury bills at the time of the judgment; however, the law states that the pre-judgment interest rate cannot be less than 10 percent or more than 20 percent. Treasury bills have not reached a rate of 10 percent in over ten years. S.B. 776 would prohibit a court from awarding prejudgment interest on future damages and remove the 10 percent or 20 percent requirement on pre-judgment interest rates.

PURPOSE

As proposed, S.B. 776 prohibits a court from awarding pre-judgment interest on future damages and removes the 10 percent or 20 percent requirement on pre-judgment interest rates.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 304.003(c), Finance Code, to delete text defining the judgment interest rate as being 10 percent if the auction rate described by Subdivision (1) is less than 10 percent or 20 percent if the auction rate described by Subdivision (1) is more than 20 percent. Makes conforming changes.

SECTION 2. Amends Chapter 304B, Finance Code, by adding Section 304.109, as follows:

Sec. 304.109. PREJUDGMENT INTEREST ON FUTURE DAMAGES PROHIBITED.
Prohibits a court from awarding prejudgment interest on future damages.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Provides that to the extent of any conflict, this Act prevails over another Act of the 76th Legislature, 1999, relating to nonsubstantive additions and corrections in enacted codes.

SECTION 5. Emergency clause.
Effective date: upon passage.