

BILL ANALYSIS

Senate Research Center
77R1881 DAK-F

S.B. 346
By: Bivins
Jurisprudence
3/29/2001
As Filed

DIGEST AND PURPOSE

Under current Texas law, the postjudgment interest rate is set at the treasury bill rate, with a floor of 10 percent and a ceiling of 20 percent. The treasury bill rate, however, is rarely above the 10 percent floor requiring the creation of an artificially high rate for the interest calculation on judgment resulting in a rate that would, otherwise, not be available to any lender, borrower, or investor. As proposed, S.B. 346 amends provisions regarding the determination of a postjudgment interest rate.

RULEMAKING AUTHORITY

This bill does not expressly 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 provide that the postjudgment interest rate is a percentage equal to the sum of certain specific figures, including two percentage points. Deletes existing text pertaining to percentage points included in certain circumstances. Makes a nonsubstantive change.

SECTION 2. Amends Chapter 304B, Finance Code, by adding Section 304.1045, as follows:

Sec. 304.1045. FUTURE DAMAGES. Prohibits prejudgment interest from being assessed or recovered on an award of future damages.

SECTION 3. Effective date: September 1, 2001.

SECTION 4. Makes application of this Act prospective.