

SESSION OF 2023

## SUPPLEMENTAL NOTE ON SENATE BILL NO. 75

As Amended by House Committee on Judiciary

### **Brief\***

SB 75, as amended, would amend law governing the rate of legal interest for civil tort actions where prejudgment interest is awarded.

In all civil tort actions filed on or after July 1, 2023, the rate would be set at two percentage points below the rate specified as calculated and published by the Secretary of State each July, as provided by continuing law. [Note: KSA 16-204(e)(1) outlines the calculation and publication schedule for such rates.]

The bill would also make a technical change.

### **Background**

The bill was introduced by the Senate Committee on Judiciary at the request of a representative of the Kansas Chamber of Commerce.

### ***Senate Committee on Judiciary***

In the Senate Committee hearing on February 8, 2023, **proponent** testimony was provided by representatives of the Kansas Chamber of Commerce and the American Tort Reform Association, who stated that the objective of the bill was for pre-judgment interest rates to reflect real-world market conditions.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

A representative of the Kansas Trial Lawyers Association (KTLA) provided **opponent** testimony, expressing concerns with using a variable rate of interest instead of a fixed rate in legal judgments. Written-only opponent testimony was provided by a representative of the Kansas Credit Attorney Association.

The Senate Committee amended the bill to make the interest rate applicable to only civil tort actions.

### ***House Committee on Judiciary***

In the House Committee hearing on March 14, 2023, **proponent** testimony was provided by representatives of the American Tort Reform Association, Kansas Chamber of Commerce, and KTLA, who stated that the objective of the bill was for pre-judgment interest rates to reflect real-world market conditions. An amendment was also suggested by the representative of KTLA.

Written-only opponent testimony was provided by a representative of the Kansas Credit Attorney Association.

The House Committee amended the bill to specify the new interest rate would apply to civil actions filed on or after July 1, 2023.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Office of Judicial Administration states enactment of the bill would have a negligible fiscal effect on the operations of the Judicial Branch.

Civil judgments; legal interest rate; percentage rate; tort actions