

CHAPTER 154

S.B. No. 476

AN ACT

relating to allowing interest on taxable court costs and compounding of interest annually.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Article 1.05, Title 79, Revised Statutes, as amended (Article 5069-1.05, Vernon's Texas Civil Statutes), is amended to read as follows:

Article 1.05. RATE OF JUDGMENTS

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Section 1. All judgments of the courts of this state based on a contract that provide for a specific rate of interest earn interest at a rate equal to the lesser of:

- (1) the rate specified in the contract; or
- (2) 18 percent.

Sec. 2. Except as provided in Section 1 of this article, all judgments, *together with taxable court costs*, of the courts of this state earn interest, *compounded annually*, at the rate published by the consumer credit commissioner in the Texas Register. The consumer credit commissioner shall compute on the 15th day of each month the judgment interest rate by taking the auction rate quoted on a discount basis for 52-week Treasury bills issued by the United States government as published by the Federal Reserve Bank on the most recent date preceding the date of computation. The interest rate so computed shall be the judgment rate, except that if the rate so computed is less than 10 percent, the judgment interest rate shall be 10 percent, and if it be more than 20 percent, the judgment interest rate shall be 20 percent. The rate established on that computation date shall be the interest rate on judgments for the next calendar month.

Sec. 3. (a) Except as provided by Subsection (c) of this section, judgments earn interest for the period beginning on the day the judgment is rendered and ending on the day the judgment is satisfied. *Interest shall be compounded annually.*

(b) Each judgment shall state the rate of interest to be earned on that judgment.

(c) If a case is appealed and a motion for extension of time to file a brief is granted to a party who was a plaintiff at trial, interest does not accrue for the period of extension.

Sec. 4. This article does not apply to a judgment that earns interest that is set by Section 2, Tax Code.

Sec. 5. The consumer credit commissioner shall cause the judgment rate of interest to be published in the Texas Register at the same time other rates directed to be calculated are caused to be published by the consumer credit commissioner under other provisions of this code. The courts of this state shall take judicial notice of such rate as so published.

SECTION 2. This Act takes effect September 1, 1987.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on March 26, 1987, by the following vote: Yeas 30, Nays 0. Passed the House on May 8, 1987, by a non-record vote.

Approved May 21, 1987.

Effective Sept. 1, 1987.