



2013 ASSEMBLY BILL 523

November 22, 2013 – Introduced by Representatives THIESFELDT, STROEBEL, BIES, MURPHY, MURTHA, BROOKS, NASS and T. LARSON. Referred to Committee on Judiciary.

1 **AN ACT** *to renumber and amend* 807.01 (4) and 815.05 (8); *to amend* 814.04
2 (4); and *to create* 807.01 (4) (b) and 815.05 (8) (b) of the statutes; **relating to:**
3 interest rates on judgments in small claims actions.

Analysis by the Legislative Reference Bureau

Under current law, interest accrues on a judgment involving the recovery of money at an annual rate of 1 percent plus the prime rate in effect on January 1 of the year in which the judgment is entered if the judgment is entered on or before June 30 of that year or in effect on July 1 of the year the judgment is entered if entered after June 30 of that year, as reported by the Federal Reserve Board, until the amount is paid. Current law also provides that if an offer of settlement is made and rejected, the party making the offer of settlement prevails, and the judgment is greater than or equal to the offer of settlement, interest accrues on the amount recovered at the rate of 1 percent plus the prime rate in effect on January 1 of the year in which the judgment is entered if the judgment is entered on or before June 30 of that year or in effect on July 1 of the year the judgment is entered if entered after June 30 of that year from the date on which the offer of settlement is made until the amount is paid.

Current law establishes certain procedures to be followed in small claims actions brought in circuit court. Small claims actions include eviction actions, actions to recover earnest money given towards the purchase of real property, and certain other civil actions on which the amount claimed is \$10,000 or less.

This bill changes the interest rate on judgments for the recovery of money in small claims actions to 12 percent per year. This bill also changes the interest rate

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on amounts recovered by a party who prevails in a small claims action after that party made an offer of settlement that was rejected to 12 percent per year from the day on which the offer of settlement is made until the amount is paid.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 807.01 (4) of the statutes is renumbered 807.01 (4) (a) and amended
2 to read:

3 807.01 (4) (a) If Except as provided in par. (b), if there is an offer of settlement
4 by a party under this section which is not accepted and the party recovers a judgment
5 which is greater than or equal to the amount specified in the offer of settlement, the
6 party is entitled to interest at an annual rate equal to 1 percent plus the prime rate
7 in effect on January 1 of the year in which the judgment is entered if the judgment
8 is entered on or before June 30 of that year or in effect on July 1 of the year in which
9 the judgment is entered if the judgment is entered after June 30 of that year, as
10 reported by the federal reserve board in federal reserve statistical release H. 15, on
11 the amount recovered from the date of the offer of settlement until the amount is
12 paid. Interest under this ~~section~~ paragraph is in lieu of interest computed under ss.
13 814.04 (4) and 815.05 (8).

14 **SECTION 2.** 807.01 (4) (b) of the statutes is created to read:

15 807.01 (4) (b) If, in an action under ch. 799, there is an offer of settlement by
16 a party under this section which is not accepted and the party recovers a judgment
17 which is greater than or equal to the amount specified in the offer of settlement, the
18 party is entitled to interest at an annual rate of 12 percent on the amount recovered
19 from the date of the offer of settlement until the amount is paid. Interest under this
20 paragraph is in lieu of interest computed under ss. 814.04 (4) and 815.05 (8).

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1 **SECTION 3.** 814.04 (4) of the statutes is amended to read:

2 814.04 (4) INTEREST ON VERDICT. Except as provided in ~~s. ss.~~ 807.01 (4) and
3 815.05 (8), if the judgment is for the recovery of money, interest at an annual rate
4 equal to 1 percent plus the prime rate in effect on January 1 of the year in which the
5 judgment is entered if the judgment is entered on or before June 30 of that year or
6 in effect on July 1 of the year in which the judgment is entered if the judgment is
7 entered after June 30 of that year, as reported by the federal reserve board in federal
8 reserve statistical release H. 15, on the amount of the money judgment from the time
9 of verdict, decision, or report until judgment is entered shall be computed by the clerk
10 and added to the costs.

11 **SECTION 4.** 815.05 (8) of the statutes is renumbered 815.05 (8) (a) and amended
12 to read:

13 815.05 (8) (a) Except as provided in par. (b) and s. 807.01 (4), every execution
14 upon a judgment for the recovery of money shall direct the collection of interest at
15 an annual rate equal to 1 percent plus the prime rate in effect on January 1 of the
16 year in which the judgment is entered if the judgment is entered on or before June
17 30 of that year or in effect on July 1 of the year in which the judgment is entered if
18 the judgment is entered after June 30 of that year, as reported by the federal reserve
19 board in federal reserve statistical release H. 15, on the amount recovered from the
20 date of the entry of the judgment until it is paid.

21 **SECTION 5.** 815.05 (8) (b) of the statutes is created to read:

22 815.05 (8) (b) An execution upon a judgment for the recovery of money in an
23 action under ch. 799 shall direct the collection of interest at an annual rate of 12
24 percent on the amount recovered from the date of the entry of judgment until it is
25 paid.

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SECTION 6

1 **SECTION 6. Initial applicability.**

2 (1) This act first applies to a judgment entered on the effective date of this
3 subsection.

4 (END)