

CHAPTER 17

(HB 223)

AN ACT relating to interest.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 360.040 is amended to read as follows:

- (1) ***Except as provided in subsections (2), (3), and (4) of this section, a judgment, including a judgment for prejudgment interest, shall bear ~~six~~^{twelve} percent (6%)(12%) interest compounded annually from ~~the date the judgment is entered~~^{its date}. A judgment may be for the principal and accrued interest; ~~but if rendered for accruing interest on a written obligation, it shall bear interest in accordance with the instrument reporting such accruals, whether higher or lower than twelve percent (12%).~~***
- (2) ***A judgment for unpaid child support payments shall bear twelve percent (12%) interest compounded annually from the date the judgment is entered.***
- (3) ***A judgment rendered on a contract, promissory note, or other written obligation shall bear interest at the interest rate established in that contract, promissory note, or other written obligation.***
- (4) ~~Provided, that~~ When a claim for unliquidated damages is reduced to judgment, such judgment may bear less interest than ~~six~~^{twelve} percent (6%)(12%) if the court rendering such judgment, after a hearing on that question, is satisfied that the rate of interest should be less than ~~six~~^{twelve} percent (6%)(12%). All interested parties must have due notice of said hearing.

➔Section 2. KRS 342.040 is amended to read as follows:

- (1) Except as provided in KRS 342.020, no income benefits shall be payable for the first seven (7) days of disability unless disability continues for a period of more than two (2) weeks, in which case income benefits shall be allowed from the first day of disability. All income benefits shall be payable on the regular payday of the employer, commencing with the first regular payday after seven (7) days after the injury or disability resulting from an occupational disease, with interest at the rate of ~~six~~^{twelve} percent (6%)(12%) per annum on each installment from the time it is due until paid, except that if the administrative law judge determines that a denial, delay, or termination in the payment of income benefits was without reasonable foundation, the rate of interest shall be ~~twelve~~^{eighteen} percent (12%)(18%) per annum. In no event shall income benefits be instituted later than the fifteenth day after the employer has knowledge of the disability or death. Income benefits shall be due and payable not less often than semimonthly. If the employer's insurance carrier or other party responsible for the payment of workers' compensation benefits should terminate or fail to make payments when due, that party shall notify the commissioner of the termination or failure to make payments and the commissioner shall, in writing, advise the employee or known dependent of right to prosecute a claim under this chapter.
- (2) If overdue temporary total disability income benefits are recovered in a proceeding brought under this chapter by an attorney for an employee, or paid by the employer after receipt of notice of the attorney's representation, a reasonable attorney's fee for these services may be awarded. The award of attorney's fees shall be paid by the employer if the administrative law judge determines that the denial or delay was without reasonable foundation. No part of the fee for representing the employee in connection with the recovery of overdue temporary total disability benefits withheld without reasonable foundation shall be charged against or deducted from benefits otherwise due the employee.
- (3) All retraining incentive benefits awarded pursuant to KRS 342.732 shall be payable on the regular payday of the employer, commencing with the second regular payday after the award of the retraining incentive benefit by the administrative law judge becomes final. Retraining incentive benefits shall be due and payable not less often than semimonthly.
- (4) Upon written request of the employee, all payments of compensation shall be mailed to the employee at his or her last known address.

➔Section 3. KRS 360.010 is amended to read as follows:

- (1) ***Except as provided in Section 1 of this Act, the legal rate of interest is eight percent (8%) per annum, but any party or parties may agree, in writing, for the payment of interest in excess of that rate as follows: (a) at a per***

annum rate not to exceed four percent (4%) in excess of the discount rate on ninety (90) day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve District where the transaction is consummated or nineteen percent (19%), whichever is less, on money due or to become due upon any contract or other obligation in writing where the original principal amount is fifteen thousand dollars (\$15,000) or less, and (b) at any rate on money due or to become due upon any contract or other obligation in writing where the original principal amount is in excess of fifteen thousand dollars (\$15,000); and any such party or parties, and any party or parties who may assume or guarantee any such contract or obligation, shall be bound for such rate of interest as is expressed in any such contract, obligation, assumption, or guaranty, and no law of this state prescribing or limiting interest rates shall apply to any such agreement or to any charges which pertain thereto or in connection therewith; provided, however, nothing herein contained shall be construed to amend, repeal, or abrogate any other law of this state pertaining to any particular types of transactions for which the maximum rate of interest is specifically prescribed or provided.

- (2) Any state or national bank may charge ten dollars (\$10) for any loan negotiated at the bank in this state, even if the legal interest does not amount to that sum.

➔Section 4. Section 1 of this Act shall apply to all judgments entered by a court on or after the effective date of this Act.

➔Section 5. Section 2 of this Act shall apply to all worker's compensation orders entered or settlements approved on or after the effective date of this Act.

Signed by Governor March 16, 2017.