Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2016 Regular Session

Part I: Measure Information

Bill Request #: 1946

Bill #: SB 208

Bill Subject/Title: AN ACT relating to interest on judgments.

Sponsor: Sen. Stephen West

Unit of Government: **X** City **X** County **X** Urban-County Unified Local Government
X Charter County **X** Consolidated Local

Office(s) Impacted: _____

Requirement: **X** Mandatory ____ Optional

Effect on Powers & Duties: **X** Modifies Existing ____ Adds New ____ Eliminates Existing

Part II: Purpose and Mechanics

SB 208 proposes to reduce the statutory interest rate on judgments. Currently, the interest rate is set at 12% interest, while the bill aims to reduce it to 6%.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The exact financial impact of this bill is difficult to estimate. Of course, interest owed or received depends on the disposition of suits which depend on a wide variety of factors. Currently, a local government that loses a judgment would have to pay 12% interest whereas under the bill it would only have to pay 6%. Conversely, a local government that wins a judgment would receive a 12% interest rate on that judgment whereas under the bill they would only receive 6%.

Data Source(s): LRC Staff; KLC

Preparer: Dale Hardy **Reviewer:** JWN **Date:** 3/3/16