



**House  
Legislative  
Analysis  
Section**

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**PREJUDGMENT INTEREST RATES  
ON WRITTEN INSTRUMENTS**

**House Bill 5585**

**Sponsor: Rep. Andrew Richner**

**Committee: Civil Law and the Judiciary**

**Complete to 2-5-02**

**A SUMMARY OF HOUSE BILL 5585 AS INTRODUCED 2-5-02**

Public Act 175 of 2001 amended the Revised Judicature Act to revise how interest is calculated on money judgments in civil cases. Under the 2001 legislation, which is to take effect March 22, 2002, interest on judgments involving written instruments (such as contracts) without specified interest rates is to be calculated at one percent above the average interest rate of five-year U.S. treasury notes, calculated at six-month intervals.

The 2001 legislation specified that it applied to complaints filed on or after January 1, 1987, but before July 1, 2001. House Bill 5585 would amend this provision to revise the applicable date from July 1, 2001, to July 1, 2002. In addition, in two provisions, the act limits the rate of interest to 13 percent compounded annually "after the date judgment is entered". The bill would amend both provisions to simply refer to a maximum rate of interest of 13 percent compounded annually. Finally, in a provision that applies to interest on a judgment on a written instrument that has a specified interest rate, the bill would add language stating that, if the interest rate were a variable rate, interest on the judgment would be fixed at the rate in effect under the instrument at the time the complaint was filed.

MCL 600.6013

House Bill 5585 (2-5-02)

Analyst: D. Martens

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