BILL ANALYSIS

H.B. 2415
By: Hopson
Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In granting judgments a court may award postjudgment interest as protection to the prevailing party. This compensation also serves as an incentive for the judgment debtor to satisfy the judgment award in a timely manner. Current law requires the consumer credit commissioner to calculate the postjudgment interest rate based on the auction rate quoted on a discount basis for 52-week Treasury bills. The U.S. Department of the Treasury no longer issues 52-week Treasury bills.

H.B. 2415 replaces this obsolete rate with the weekly average 1-year constant maturity treasury yield. The weekly average one-year constant maturity yield is the closest approximation to the discontinued 52-week Treasury bills.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2415 amends Section 304.003(c), Finance Code to base calculation of the postjudgment interest rate upon the weekly average one-year constant maturity treasury yield in lieu of using the auction rate quoted on a discount basis for 52-week treasury bills.

EFFECTIVE DATE

On passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.