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Promoting Fairness and Equity in Wisconsin's Civil Justice System

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To: Chairperson Jim Ott
Members, Assembly Committee on Judiciary
From: R.J. Pirlot, Wisconsin Civil Justice Council
Date: April 7, 2015
Re: **Please oppose Assembly Bill 95, relating to increasing interest rates on judgments in small claims actions.**

Plaintiffs in Wisconsin who win favorable verdicts are usually entitled to recover interest on the damages awarded to them. Some of this is in the form of post-judgment interest, which is meant to compensate the plaintiff for loss of the use of money while a defendant appeals a judgment. Plaintiffs may also be awarded pre-judgment interest, which runs from the date the plaintiff makes an offer of settlement, rather than from the time damages are awarded by a court.

September 2011 Special Session [Senate Bill 14](#), signed into law by Governor Scott Walker as 2011 Wisconsin Act 69 (Act 69), reformed Wisconsin's then high pre- and post-judgment interest rate from 12 percent to the prime rate set by the Federal Reserve Board, plus one percent. This ensures that plaintiffs do not receive a windfall, while also ensuring that defendants pay a reasonable interest rate.

2015 Assembly Bill 95 (AB 95) would change the interest rate on judgments for the recovery of money in small claims actions back to the pre-Act 69 rate of 12 percent per year. This bill also changes the interest rate on amounts recovered by a party who prevails in a small claims action after that party made an offer of settlement that was rejected back to 12 percent per year from the day on which the offer of settlement is made until the amount is paid. In short, AB 95 seeks to undo one of the first civil justice reform measures signed into law by Governor Walker.

A 12 percent interest rate is excessive and unfair. A defendant should not be required to pay an amount far above the current market rate, nor should the plaintiff receive a windfall and be unjustly enriched by such a high interest rate. Act 69 ensured that the interest rate is fair to both plaintiffs and defendants and its reforms should be untouched.

Action Requested

Act 69 was touted as a key victory by the broader business community, represented by the Wisconsin Civil Justice Council. The Wisconsin Civil Justice Council opposes AB 95 and respectfully encourages you to vote against recommending it for passage. If you have any questions or comments, please contact R.J. Pirlot at 608-258-9506.