

# Senate Bill 362

Sponsored by Senator FREDERICK (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Changes legal rate of interest from nine percent per annum to greater of one percent per annum or rate equal to weekly average one-year constant maturity Treasury yield. Provides for interest to be compounded annually.

## A BILL FOR AN ACT

1 Relating to the legal rate of interest; creating new provisions; and amending ORS 82.010.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1.** ORS 82.010 is amended to read:

4 82.010. (1) The rate of interest for the following transactions, if the parties have not otherwise  
5 agreed to a rate of interest, is *[nine percent per annum and]* **the greater of one percent per annum**  
6 **or a rate equal to the weekly average one-year constant maturity Treasury yield, published**  
7 **by the Board of Governors of the Federal Reserve System as of December 31 of the previous**  
8 **calendar year. Interest as described in this subsection is compounded annually on January**  
9 **1 and** is payable on:  
10

11 (a) All moneys after they become due; but open accounts bear interest from the date of the last  
12 item thereof.

13 (b) Money received to the use of another and retained beyond a reasonable time without the  
14 owner's express or implied consent.

15 (c) Money due or to become due where there is a contract to pay interest and no rate specified.

16 (2) Except as provided in this subsection, the rate of interest on judgments for the payment of  
17 money is *[nine percent per annum]* **the greater of one percent per annum or a rate equal to the**  
18 **weekly average one-year constant maturity Treasury yield, published by the Board of Gov-**  
19 **ernors of the Federal Reserve System as of December 31 of the previous calendar year. In-**  
20 **terest as described in this subsection is compounded annually on January 1.** The following  
21 apply as described:

22 (a) Interest on a judgment under this subsection accrues from the date of the entry of the  
23 judgment unless the judgment specifies another date.

24 *[(b) Interest on a judgment under this subsection is simple interest, unless otherwise provided by*  
25 *contract.]*

26 *[(c)]* (b) Interest accruing from the date of the entry of a judgment shall also accrue on interest  
27 that accrued before the date of entry of a judgment.

28 *[(d)]* (c) Interest under this subsection shall also accrue on attorney fees and costs entered as  
29 part of the judgment.

30 *[(e)]* (d) A judgment on a contract bearing more than *[nine percent interest]* **the rate of interest**  
31 **provided in this subsection** shall bear interest at the same rate provided in the contract as of the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 date of entry of the judgment.

2 [(f)] (e) The rate of interest on a judgment rendered in favor of a plaintiff in a civil action to  
 3 recover damages for injuries resulting from the professional negligence of a person licensed by the  
 4 Oregon Medical Board under ORS chapter 677 or the Oregon State Board of Nursing under ORS  
 5 678.010 to 678.410 is the lesser of five percent per annum or three percent in excess of the discount  
 6 rate in effect at the Federal Reserve Bank in the Federal Reserve district where the injuries oc-  
 7 curred.

8 (3) Except as provided in ORS 82.025, no person shall:

9 (a) Make a business or agricultural loan of \$50,000 or less at an annual rate of interest ex-  
 10 ceeding the greater of 12 percent, or five percent in excess of the discount rate, including any sur-  
 11 charge on the discount rate, on 90-day commercial paper in effect at the Federal Reserve Bank in  
 12 the Federal Reserve district where the person making the loan is located, on the date the loan or  
 13 the initial advance of funds under the loan is made; or

14 (b) Make a loan of \$50,000 or less, except a loan made under paragraph (a) of this subsection,  
 15 at an annual rate of interest exceeding the greater of 12 percent, or five percent in excess of the  
 16 discount rate on 90-day commercial paper in effect at the Federal Reserve Bank in the Federal Re-  
 17 serve district where the person making the loan is located, on the date the loan or the initial ad-  
 18 vance of funds under the loan is made.

19 (4) Any person who violates subsection (3) of this section shall forfeit the right to collect or  
 20 receive any interest upon any loan for which a greater rate of interest or consideration than is  
 21 permitted by subsection (3) of this section has been charged, contracted for or received. The bor-  
 22 rower upon such loan shall be required to repay only the principal amount borrowed.

23 **SECTION 2. The amendments to ORS 82.010 by section 1 of this 2017 Act apply only to**  
 24 **transactions and judgments entered on or after the effective date of this 2017 Act.**

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