

Judgment Interest Information

There are four basic types of interest that a Court Administrator may encounter when working with Judgments. In addition to the statutes and rates discussed below, Minnesota law also provides a variety of interest rates for special applications, e.g., child support, recovery of taxes, arbitration awards (see *Interest Rates on State Court Judgments and Arbitration Awards* as issued annually by the State Court Administrator's Office). NOTE: A confusing aspect of working with judgment interest is that the labels used for some basic interest types listed below are at times used interchangeably. Four basic interest types are designated as follows:

- 1) **INTEREST ON A DEBT**
- 2) **PREVERDICT/PREAWARD/PREREPORT INTEREST**
- 3) **POSTVERDICT/PREJUDGMENT INTEREST**
- 4) **POST JUDGMENT INTEREST**

1) **INTEREST ON A DEBT** is a rate established in the complaint or (if no specific rate is given in the complaint), 6% pursuant to Minn. Stat. §334.01. The need to use this statute for an interest rate may arise when the Court Administrator is presented with an order for judgment which directs that "interest" be calculated and be included in the original judgment amount. If no specific interest rate is noted in the order or no specific interest rate is to be found in an attached exhibit, e.g., a contract or agreement, then, the current rate established in this statute may serve as a fall-back percentage.

- a) Start Date for Interest Calculations = Date of default on the contract
End Date for Interest Calculations = Date the order for default judgment is signed OR the date PRIOR TO physical entry of judgment if an administrative default judgment (TCIS will automatically calculate interest for the date of entry as post judgment interest).
- b) Interest Rate = Rate set in contract, agreement, court order OR if there is no such information, the interest rate as established in Minn. Stat. §334.01 (6% as of 12/1/01)
- c) Calculated as simple interest per annum and becomes part of the original judgment amount.

2) **PREVERDICT/PREAWARD/PREREPORT INTEREST** -[Also at times collectively referred to as "Prejudgment Interest."]

Minn. Stat. §549.09, subd. 1(b) is the authority for calculating interest when an Order for Judgment directs the inclusion of "preverdict/preaward/prereport/ (prejudgment) interest in the original judgment. The Court itself often calculates this interest because the determination of start and end dates for the calculations can be changed by settlement offers, etc. However, such calculations can become the Court Administrator's responsibility and the following parameters should be followed:

- a) Start Date for Interest Calculations = Date of the SERVICE of the Summons and Complaint (unless the Court's Order for Judgment defines another start date.)
- b) End Date for Interest Calculations = Date of verdict (if a jury trial) OR Date the order for judgment is signed (if a contested court trial).
- c) Interest Rate = Set in contract, agreement, court order OR if there is no such information, the interest rate as established in Minn. Stat. §549.09, subd. 1(c) [See the *Interest Rates on State Court Judgments and Arbitration Awards* as issued annually by the State Court Administrator's Office]
- d) Calculated as simple interest per annum and becomes part of the original judgment amount.

This type of interest should NOT be calculated on the following:

- Judgments, awards, or benefits in workers' compensation cases
- Judgments or awards for future damages
- Punitive damages, fines or other damages that are non-compensatory in nature
- Judgments or awards not in excess of the amount specified in Minn. Stat. §491A.01 [i.e., amounts within the Conciliation Court jurisdiction level (\$7,500 as of 12/1/01)]
- Portion of any verdict, award, or report (i.e., court's order for judgment) founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator

3) **POSTVERDICT/PREJUDGMENT INTEREST** – (This is the period of time between a jury verdict or the Court's order for judgment and the physical entry of the judgment.)

Minn. Stat. §549.09, subd. 1(a) reads:

When a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in clause (c) and added to the judgment or award.

In this instance, "award or report" equates to the date that the Court signed the order for judgment.

- a) Start Date for Interest Calculations = Date of jury verdict OR date the Court's order for judgment is signed. (NOTE: If there is a jury verdict, interest calculations should be from the date of that jury verdict, rather than from the date of the Court's Order for Judgment.)
- b) End Date for Interest Calculations = Date PRIOR TO the actual date the judgment is physically entered by the Court Administrator (this is a requirement of the current TCIS interest calculation protocol, as it will automatically calculate interest for the date of entry.)
- c) Interest Rate = Rate set in Minn. Stat. §549.09, subd. 1(c) [See the *Interest Rates on State Court Judgments and Arbitration Awards* as issued annually by the State Court Administrator's Office]
- d) Calculated as simple interest per annum on the principal verdict/judgment amount and becomes part of the original judgment amount.

4) **POST JUDGMENT INTEREST**

Minn. Stat. §549.09, subd. 1 (c) establishes the annual interest rate to be applied to judgments from the entry date to the satisfaction date.

- a) Start Date for Post Judgment Interest Calculations = Date of Judgment Entry
- b) End Date for Interest Calculations = Date of Partial or Full Satisfaction of the judgment (When there is a partial satisfaction, interest continues to accrue at the judgment rate, but on the reduced principal amount.)
- c) Interest Rate = Rate set in Minn. Stat. §549.09, Subd. 1(c) [See the *Interest Rates on State Court Judgments and Arbitration Awards* as issued annually by the State Court Administrator's Office]
- d) Calculated as simple interest per annum on the original judgment amount (or on the remaining judgment amount after a partial satisfaction but DOES NOT increase the judgment amount itself, only the total amount due.)