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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/12

SPONSOR Sanchez, M. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Judgment and Decree Rate of Interest SB 216

ANALYST Jorgensen

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Administrative Office of the Courts (AOC)

Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of Bill

Senate Bill 216 changes the rate of interest computation under Section 56-8-4 NMSA 1978 from the current 8.75% per year to the prime rate as published by the Wall Street Journal on the date of the entry of the judgment. The Amended Bill also adds a prohibition barring the Court from exercising its discretion to impose an interest of up to 10% on a judgment for unpaid child support. The Amended Bill makes some other structural changes to the statute; those structural changes do not alter the substance of Section 56-8-4 NMSA 1978.

### FISCAL IMPLICATIONS

The AOC stated that there will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes.

### ADMINISTRATIVE IMPLICATIONS

Possible implications for HSD, Child Support Enforcement to the extent that the Child Support Enforcement Division collects principal and interest on unpaid child support judgments to reimburse the State for State assistance provided to the custodial parent.

**TECHNICAL ISSUES**

It is technically possible (though unlikely) that if the prime interest rate moves back towards levels seen in the 1970's and 1980's, the prime rate and thus the interest rate on judgments in New Mexico may actually exceed the current 8.75% annual rate specified by statute. Consequently, over time, the bill might actually increase the rate of interest rather than a lowering of the rate as specified by the title.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

CJ/svb