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SPONSOR STATEMENT

HB95: JUDGMENTS IN FAVOR OF STATE OR POLITICAL SUBDIVISION

"An Act relating to stays of execution on and the postjudgment interest rate on judgments greater than \$100,000 in favor of the state or a political subdivision of the state."

HB95 provides security for the State of Alaska and its political subdivisions by requiring parties with a judgment against them of more than \$100,000 in favor of the State or a political subdivision to make a deposit in court to stay execution of the judgment during the pendency of an appeal or postjudgment motions. The deposit shall equal the amount of the judgment plus postjudgment interest.

HB 95 also increases the postjudgment interest rate on a judgment to the greater of (1) the statutory interest rate or (2) the actual internal return on the defendant's capital. This language is based on an order entered by the federal district court in Miami, Florida. In Allapattah Services Inc. v. Exxon Corp., 372 F.Supp. 2d 1344, 1377 (S.D.Fla 2005), the court found that, because the current postjudgment federal interest rate was 3% at the time, compared with Exxon's internal rate of return on its capital of 23.8%, requiring Exxon to pay the higher interest rate eliminated Exxon's ability to earn money on the money it wrongfully retained as a result of filing frivolous pleadings.

HB 95 will encourage defendants to pay judgments against them and discourage lengthy and expensive meritless appeals.