

NEW STATUTES ALTER INTEREST ON JUDGMENTS & SAVINGS STATUTE

Governor Taft has signed Substitute HB 212, which involves pre- and post-judgment interest on civil judgments and provides the time when interest begins to run. The new law becomes effective June 1, 2004.

Under current law, interest on civil judgments and monies due under certain contracts accrues at the rate of 10%. The statute changes this to a floating rate tied to the federal short-term rate. The federal short-term rate, on October 15, plus 3%, will be the effective interest rate on judgments and certain contracts for the following year.

The bill also precludes the award of prejudgment interest on future damages.

The computation period for prejudgment interest will begin to run on the date on which the defendant first received notice of the claim or a complaint was filed, whichever is earlier. There are two exceptions: 1) When the defendant has admitted liability in a pleading, or 2) acted with deliberate purpose to cause harm. In those situations, prejudgment interest begins to accrue from the date the cause of action arose. The rate of the interest in effect at the time of the judgment remains in effect until the judgment is satisfied.

Additionally, Governor Taft signed Amended Substitute HB 161, which modifies the Ohio law on the refiling of civil actions after voluntary dismissal, or when the plaintiff fails otherwise than upon the merits. In such situations, a plaintiff may now refile a civil action within one year after the date of dismissal, reversal, or failure otherwise than upon the merits, or within the period of the original statute of limitations, whichever occurs later. This alters the current savings statute, which requires a plaintiff to refile within the original statute of limitations if a case is voluntarily dismissed before the statute has run.

The statute also is effective June 1, 2004.

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