



HOUSE OF REPRESENTATIVES

TWENTY-SECOND LEGISLATURE

COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE

P.O. BOX 500586 SAIPAN, MP 96950

CELINA R. BABAUTA
CHAIRPERSON
JUDICIARY AND GOVERNMENTAL OPERATIONS COMMITTEE

STANDING COMMITTEE REPORT NO. 22-26
DATE: JULY 13, 2021
RE: H.B. 22-58

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Second Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations to which was referred:

H. B. NO. 22-58:

“To amend 7 CMC §4101 to lower the interest rate of civil money judgments from nine percent (9%) to three percent (3%).”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Committee recommends that H. B. NO. 22-58 be passed by the House in its current form.

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 22-58 is to amend 7 CMC §4101 to lower the interest rate of civil money judgments from nine percent (9%) to three percent (3%).

B. Committee Findings:

Your Committee finds that civil cases within our judicial courts involve private disputes between persons or organizations. Many cases that have been heard by our respective local court result in the form of “money judgements” by one of the two parties as ordered by the court. Your Committee further finds that many of our constituents, especially those whom the court have ruled against, find it extremely difficult to pay the stated amount in addition to the accruing interests. The current interest rate of nine percent (9%) has resulted into an extra burden to be endured by the affected party. Your Committee finds that it is imperative to reduce the money judgement interest rate to provide better opportunities for the affected party to pay their judgements as ordered by the court without further jeopardizing their financial security.

Your Committee also finds that pursuant to Michigan Compiled Laws (MCL) Section 600.6013, the interest rate for money judgements in a civil action is equal to 1.739% as of July 1, 2021.¹ Furthermore, the post judgement and pre-judgement interest rates in the state of New Jersey is equal to 1.5% as of 2021.² Further, pursuant to Va. Code Ann. §6.2-302, the judgement interest rate is set at 6%, except that a money judgment entered in an action arising from a contract shall carry interest at the rate lawfully charged on such contract, or at six percent annually, whichever is higher.³ Your Committee finds that it would be appropriate to follow suit with these other U.S. Jurisdictions. Cognizant of the aforementioned state judgement interest rates and the financial stability of our constituents, your Committee finds that an interest rate of 3% for money judgments in civil actions is sufficient in satisfying judgments.

Therefore, your Committee agrees with the intent and purpose of House Bill No. 22-58 and recommends its passage in its current form.

C. Legislative History:

House Bill No. 22-58 was introduced by Representative Richard T. Lizama on May 28 2021 to the full body of the House and was referred to the House Standing Committee on Judiciary and Governmental Operations for disposition.

A similar legislation, namely House Bill 21-81, was introduced to the full body of the House on October 15, 2019 and was referred to the Senate Standing Committee on Judiciary and Governmental Operations for disposition. On January 22, 2020, the Senate Committee passed the legislation in the form of House Draft 1 as reflected in House Standing Committee Report 21-49. On February 07, 2020, the House adopted House Standing Committee Report 21-49 and subsequently passed the legislation in the form of House Draft 2 in a session held on the same date. On February 10, 2020, the proposed legislation was transmitted to the Senate in the form of Senate House Communication 21-104. No further action was taken

¹ <https://courts.michigan.gov/administration/scao/resources/documents/other/interest.pdf>

² <https://www.njcourts.gov/courts/assets/civil/postprejudgementrates.pdf>

³ <https://law.lis.virginia.gov/vacode/6.2-302/>

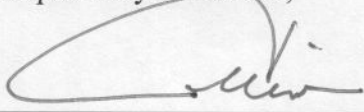
D. Cost Benefit:

The enactment of House Bill No. 22-58 will not result in additional cost to the CNMI government because the intent of the bill is to change the interest rate for money judgements to a lower percentage to provide better financial stability to our constituents.


III. CONCLUSION:

The Committee is in accord with the intent and purpose of H. B. No. 22-58 and recommends its passage in its current form.

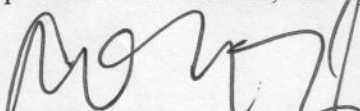
Respectfully submitted,




Rep. Celina R. Babauta, Chairperson




Rep. Blas Jonathan "BJ" T. Attao, Vice Chair




Rep. Donald M. Mangiona, Member



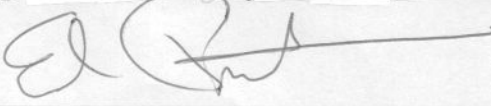
Rep. Richard T. Lizama, Member



Rep. Vicente C. Camacho, Member

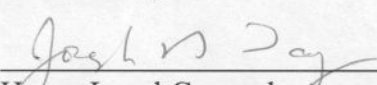


Rep. Christina M.E. Sablan, Member



Rep. Edwin K. Propst, Member

Reviewed by:



House Legal Counsel

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2021

H. B. 22-58

A BILL FOR AN ACT

To amend 7 CMC §4101 to lower the interest rate of civil money judgments from nine percent (9%) to three percent (3%).

BE IT ENACTED BY THE 22ND NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:

1 Section 1. Findings and Purpose. The Legislature finds that pursuant to 7
2 CMC §4101, our respective judicial court is given the prerogative to grant money
3 judgements. Pursuant to the same statute, each money judgement consists of an
4 interest rate of nine percent (9%). However, the Legislature also finds that many of
5 our constituents, particularly those whom our judicial courts ruled against in
6 regards to money judgments, find it problematic and extremely burdensome to
7 compensate for the amount set forth by our court as well as its corresponding
8 excessive amount of interest. The Legislature finds that it is imperative to lower the
9 interest rate from nine percent (9%) to three percent (3%) to provide necessary
10 financial relief for those individuals who are struggling to pay the money

1 judgements without violating the integrity of such judgements and allow for them
2 to efficiently continue their court-ordered obligation.

3 Therefore, the purpose of this Act is to amend 7 CMC §4101 to lower the
4 interest rate of civil money judgments from nine percent (9%) to three percent (3%).

5 **Section 2. Amendment.** 7 CMC §4101 is hereby amended to read as
6 follows:

7 “§ 4101. Money Judgments.

8 Every judgment for the payment of money shall bear interest at the
9 rate of ~~nine~~ three percent a year from the date it is entered. The process to
10 enforce a judgment for the payment of money may be a writ of execution or
11 an order in aid of judgment, as provided in chapter 2 of this division
12 (commencing with 7 CMC § 4201).”

13 **Section 3. Severability.** If any provisions of this Act or the application of
14 any such provision to any person or circumstance should be held invalid by a court
15 of competent jurisdiction, the remainder of this Act or the application of its
16 provisions to persons or circumstances other than those to which it is held invalid
17 shall not be affected thereby.

18 **Section 4. Savings Clause.** This Act and any repealer contained herein
19 shall not be construed as affecting any existing right acquired under contract or
20 acquired under statutes repealed or under any rule, regulation, or order adopted
21 under the statutes. Repealers contained in this Act shall not affect any proceeding

1 instituted under or pursuant to prior law. The enactment of the Act shall not have
2 the effect of terminating, or in any way modifying, any liability, civil or criminal,
3 which shall already be in existence on the date this Act becomes effective.

4 **Section 5. Effective Date.** This Act shall take effect upon its approval by
5 the Governor, or its becoming law without such approval.

Prefiled: 5/3/2021

Date: 5/3/2021

Introduced by:

RTJ
Rep. Richard T. Lizama

Reviewed for Legal Sufficiency by:

Joseph J. Taylor
House Legal Counsel

[Signature]

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[Signature]
Sueika Babantala