



## 2005 INTEREST RATES ON STATE COURT JUDGMENTS AND ARBITRATION AWARDS

M.S. 549.09 directs the State Court Administrator to determine the annual interest rate applicable to certain state court judgments, verdicts, and arbitration awards.<sup>1</sup> For judgments and awards governed by section 549.09<sup>2</sup> the interest rate for calendar year 2005 shall be 4%.

M.S. 548.091, subd. 1a, provides that the interest rate applicable to child support judgments shall be the rate provided in M.S. 549.09 plus two percent, subject to a 18% maximum rate. For child support judgments governed by M.S. 548.091, subd. 1a, the interest rate for calendar year 2005 shall be 6%.

The following lists the judgment rates in effect for state courts:

YEAR	M.S. 549.09 RATE	M.S. 548.091 RATE (Child Support Judgments)
1990	7%	
1991	7%	
1992	5%	
1993	4%	6%
1994	3%	5%
1995	6%	8%
1996	5%	7%
1997	5%	7%
1998	5%	7%
1999	4%	6%
2000	5%	7%
2001	6%	8%
2002	2%	4%
2003	4%	6%
2004	4%	6%
<b>2005</b>	<b>4%</b>	<b>6%</b>

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<sup>1</sup>As amended by 2002 Minn. Laws Chap. 247, Sec. 1, Section 549.09 directs that the rate is to be determined by using the monthly one-year constant maturity treasury yield reported in the latest statistical release of the federal reserve board of governors rounded to the nearest one per cent, subject to a four percent minimum.

<sup>2</sup>The interest rate determined pursuant to section 549.09 does not apply to judgments for the recovery of taxes and employment arbitrations pursuant to M.S. Chapters 179 or 179A, and may not apply to judgments in condemnation cases. In condemnation cases governed by M.S. 117.195, the interest rate determined pursuant to section 549.09 is presumed to satisfy the constitutional requirement of just compensation unless the landowner shows that this rate does not provide what a reasonable and prudent investor would have earned while investing so as to maximize the rate of return, yet guarantee safety of principle. State by Humphrey v. Jim Lupient Oldsmobile Co., 509 N.W. 2d 361, 364 (Minn. 1993).

The interest rate on judgments for the recovery of taxes owed to the Commissioner of the Department of Revenue, such as income, excise, and sales taxes, is established by the Commissioner pursuant to M.S. 270.75, subd. 5. The interest rate for state tax judgments also applies to judgments for the recovery of real or personal property taxes, subject to a ten percent minimum and fourteen percent maximum, pursuant to M.S. 279.03, subd. 1a. These rates may be obtained from the Department of Revenue.

M.S. 549.09, subd. 1 (d) provides that section 549.09 does not apply to arbitrations between employers and employees under Chapter 179 or 179A, and that an arbitrator is neither required to nor prohibited from awarding interest under Chapter 179 or M.S. 179A.16 for essential employees.