

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0583.01 Anna Petrini x5497

SENATE BILL 24-062

SENATE SPONSORSHIP

Gardner,

HOUSE SPONSORSHIP

(None),

Senate Committees
Judiciary

House Committees

A BILL FOR AN ACT

101 CONCERNING PROHIBITING COLLECTION OF ATTORNEY FEES BASED ON
102 INTEREST ON JUDGMENTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law permits a plaintiff in a personal injury case stemming from a tort to claim interest at a rate of 9% on the damages alleged from the date the action accrued until the date the judgment is satisfied. Beginning July 1, 2024, the bill prohibits a plaintiff's attorney from collecting attorney contingency fees based on that portion of the ultimate damages award attributable to the 9% interest.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) The general assembly instituted statutory interest on judgments
5 to account for the time value of money between the filing of an action and
6 the ultimate satisfaction of a judgment in a civil action;

7 (b) The general assembly set the current interest rate at nine
8 percent per annum in 1975;

9 (c) As the Colorado Supreme Court has written, "In keeping with
10 precedent, we hold that the legislative purpose behind awarding interest
11 under section 13-21-101 is to compensate the plaintiff for the time value
12 of the amount of his or her judgment", *Morris v. Goodwin*, 185 P.3d 777,
13 780 (Colo. 2008);

14 (d) The Colorado Court of Appeals has indicated that the award
15 of prejudgment interest not only serves the purpose of compensating a
16 party for the loss of use of money but is also used to encourage the
17 settlement of cases both pre- and post-trial, *Stevens v. Humana of Del.,*
18 *Inc.*, 832 P.2d 1076, 1081 (Colo. App. 1992); and

19 (e) Allowing attorneys to collect contingency fees on the portion
20 of the judgment that accounts for the nine percent interest accrual creates
21 a disincentive for attorneys to resolve claims expeditiously and delays the
22 award of just compensation to an injured plaintiff.

23 **SECTION 2.** In Colorado Revised Statutes, 13-21-101, **amend**
24 (1) as follows:

25 **13-21-101. Interest on damages.** (1) (a) In all actions brought to
26 recover damages for personal injuries sustained by any person resulting

1 from or occasioned by the tort of any other person, corporation,
2 association, or partnership, whether by negligence or by willful intent of
3 the other person, corporation, association, or partnership and whether the
4 injury has resulted fatally or otherwise, it is lawful for the plaintiff in the
5 complaint to claim interest on the damages alleged from the date the suit
6 is filed; and, on and after July 1, 1979, it is lawful for the plaintiff in the
7 complaint to claim interest on the damages claimed from the date the
8 action accrued. When such interest is claimed, it is the duty of the court
9 in entering judgment for the plaintiff in the action to add to the amount
10 of damages assessed by the verdict of the jury, or found by the court,
11 interest on the amount calculated at the rate of nine percent per annum on
12 actions filed on or after July 1, 1975, and at the legal rate on actions filed
13 prior to such date, and calculated from the date the suit was filed to the
14 date of satisfying the judgment and to include the same in the judgment.
15 On actions filed on or after July 1, 1979, the calculation must include
16 compounding of interest annually from the date the suit was filed. On and
17 after January 1, 1983, if a judgment for money in an action brought to
18 recover damages for personal injuries is appealed by the judgment debtor,
19 postjudgment interest must be calculated on the sum at the rate set forth
20 in subsections (3) and (4) of this section from the date of judgment
21 through the date of satisfying the judgment and must include
22 compounding of interest annually.

23 (b) THE PLAINTIFF'S ATTORNEY SHALL NOT COLLECT ATTORNEY
24 CONTINGENCY FEES BASED ON THE AMOUNT OF THE JUDGMENT RELATED
25 TO THE ACCRUAL OF INTEREST CALCULATED AT THE RATE OF NINE
26 PERCENT PER ANNUM ON DAMAGES PURSUANT TO SUBSECTION (1)(a) OF
27 THIS SECTION.

1 **SECTION 3. Effective date - applicability.** This act takes effect
2 July 1, 2024, and applies to actions filed on or after said date.

3 **SECTION 4. Safety clause.** The general assembly finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, or safety or for appropriations for
6 the support and maintenance of the departments of the state and state
7 institutions.