



NYSAC
— NEW YORK STATE —
ASSOCIATION OF COUNTIES



Dear Members of the Legislature:

We, the undersigned organizations, representing municipalities throughout New York State, write to express our strong support for Governor Cuomo's proposal reforming New York's punitive interest rate on civil judgments (PPGG, Part AA). The current interest rate, fixed at nine percent, has long plagued local governments and stood as an obstacle to appeal. Without the reform proposed in the Governor's budget, New York's high judgment interest rate threatens to further distress municipal budgets across the State.

COVID-19 has required cities, counties, towns, and villages to increase spending on vital safety measures as the economic fallout of the pandemic has slashed revenues. The Governor's proposal to tie the interest rate on court judgments to the market rate, the same method used in federal courts, will help protect local budgets from the outsized financial burden of litigation, preserving important programs and protecting taxpayers.

The option to appeal a jury verdict or judicial ruling is a fundamental right in the United States, but the nine percent interest rate and the time it takes to appeal cases – a period of months and frequently years – forces local governments to forfeit that right. In fact, interest penalties can, in some cases, exceed the award itself.

The interest rate on civil judgments was last amended half a century ago, in the 1970s, when nine percent matched the federal funds rate – and when a lower volume of court filings meant a faster appeals process. More recently, the pandemic has shuttered courtrooms, exacerbating existing court backlogs which have resulted in longer appeals and skyrocketing interest costs.

The remedy included in Governor Cuomo's Executive Budget is an equitable solution. It would prevent defendants from being penalized due to delays beyond their control, while preserving parties' fundamental right to appeal. Furthermore, aligning the interest rates with the federal funds rate will provide much-needed relief to struggling local governments, mitigating increased burdens and preserving funding for essential programs as we forge through this unprecedented public health and economic crisis together.

Sincerely,

Stephen Acquario
Executive Director, NYSAC

Peter Baynes
Executive Director, NYCOM

Gerry Geist
Executive Director, AOT