

Interest on Municipal Court Judgments

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Reference Number:
MTAS-1591

Tennessee Code Annotated § 47-14-121 sets forth how courts shall compute interest. The year is divided in half and potentially two different rates may apply, one rate from January 1 through June 30, and another rate from July 1 to December 31. The Legislature requires the AOC to publish the rates, as provided at <http://www.tncourts.gov/node/1232344> [1], on the Tennessee Judgment Interest Rates page. For judgments entered prior to 2012, the applicable interest rate is 10%.

How to calculate interest

- Compute the number of days that passed between the anniversary date of order and the date they pay. Do not count the first day of the judgment.
- Divide the number of days by 365 to get the rate amount for formula.
- Multiply by the official Tennessee Judgment Interest Rate.

Judgment Amount x Tennessee Judgment Interest Rate x Rate Amount [# of days divided by 365] = interest

Judgment Amount + interest= total amount owed by defendant

As of January 1, 2019, the rate is 7.45 percent.

(Note: simple Interest calculations may vary slightly depending on the number of decimal places used in the calculation. Also, interest rates may change, so always refer to the AOC website URL above. Interest is not compounded for purposes of post-judgment interest.)

MTAS has opined that this statute is self-executing and does not need an ordinance to effectuate collection of interest, in the same way that municipal courts are required to collect state litigation tax at the statutory rate of \$13.75.

Links:

[1] <http://www.tncourts.gov/node/1232344>

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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