SENATE BILL NO. 233–COMMITTEE ON JUDICIARY

FEBRUARY 22, 1999

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing rate of interest if there is no written contract fixing rate. (BDR 8-1124)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to interest; revising the provisions governing the rate of interest allowed under certain circumstances if there is no written contract fixing the rate; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 99.040 is hereby amended to read as follows:

99.040 1. ~~[When]~~ ***If*** there is no express contract in writing fixing a different rate of interest, interest must be allowed at a rate equal to the prime rate at the largest bank in Nevada, as ascertained by the commissioner of financial institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the transaction, plus 2 percent, upon all money from the time it becomes due, in the following cases:

(a) Upon contracts, express or implied, other than book accounts.

(b) Upon the settlement of book or store accounts from the day on which the balance is ascertained. ***For the purposes of this paragraph, a book or store account is settled when the creditor gives written notice to the debtor that a sum certain is due on the account and that the creditor will not give the debtor a further extension of credit on the account. The day on which the creditor gives such written notice to the debtor shall be deemed to be the day on which the balance is ascertained.***

(c) Upon money received to the use and benefit of another and detained without his consent.

(d) Upon wages or salary, if it is unpaid when due, after demand therefor has been made.

The rate must be adjusted accordingly on each January 1 and July 1 thereafter until the judgment is satisfied.

2. ***A written notice given to a debtor by a creditor pursuant to paragraph (b) of subsection 1 must contain the following statement:***

> ***The unpaid balance on your account of $ ..... is now due, and you will not be given a further extension of credit on the account. Beginning today, the unpaid balance on your account will accrue interest at a rate equal to the prime rate plus 2 percent. The prime rate currently in effect is ..... percent. This prime rate may change on January 1 and July 1 of each year, until the balance on your account is paid in full.***

3. The provisions of this section do not apply to money owed:

(a) For the construction or remodeling of a building pursuant to NRS 624.325; or

(b) By a contractor to his subcontractor pursuant to NRS 624.326.

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