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Summary of Torres v. Goodyear Tire & Rubber Co., 130 Nev. Adv. Op. 3

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CIVIL LAW: JUDGMENT STATUTORY INTEREST

Summary

The Court determined whether NRS 17.130(2) authorizes compound interest on judgments.

Disposition

NRS 17.130(2) only allows simple interest on judgments.

Factual and Procedural History

While the Torres family and friends (“Appellants”) were traveling in a rental vehicle, the vehicle’s Goodyear tire separated causing the vehicle to crash, killing several people, and severely injuring several others. After Appellants obtained judgment against Goodyear for damages, the parties settled, but Appellants reserved the right to seek compound interest on the judgment. Goodyear paid the judgment plus simple interest.

Appellant’s moved the district court for compound interest which the district court denied holding that NRS 17.130(2) only authorizes simple interest. Appellants appealed arguing that NRS 17.130(2) authorizes compound interest on judgments because the statute says the rate is to be “adjusted accordingly” twice per year and does not specify the rate is “per annum.”

Discussion

NRS 17.130(2) provides a default interest rate on judgments where another statute does not apply or there is no agreement between the parties providing interest.² Under NRS 17.130(2), the default interest rate on judgments is “equal to the prime rate at the largest bank in Nevada . . . on January 1 or July 1 . . . immediately preceding the date of judgment, plus 2 percent,” and the interest rate “must be adjusted accordingly on each January 1 and July 1 thereafter until the judgment is satisfied.”³

The Court held that when the statute is read as a whole the plain meaning of the phrase “adjusted accordingly” only means the interest rate is to be adjusted. “Adjusted accordingly” does not mean that the principal is to be adjusted.

The Court then rejected Appellant’s argument that the statute allows compound interest because the legislature did not include the phrase “per annum.” The Court reasoned that “per annum” may sufficiently indicate the interest is simple, but the legislature is not required to use these words to make interest simple. The Court concluded that NRS 17.130(2) did not contain any language authorizing compounded interest, so its plain meaning unambiguously allows only simple interest on judgments.

¹ By Jeffrey D. Pike.

² NEV. REV. STAT. 17.130(2) (2013).

³ *Id.*

Conclusion

Because it contains no language allowing compounded interest, NRS 17.130(2) authorizes a default rate of simple interest on judgments. There was no agreement between the parties nor another statute authorizing compound interest on Appellant's judgment, so under NRS 17.130(2) Appellant's judgment accrues only simple interest.