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Lands' End, Inc. v. City of Dodgeville

Supreme Court of Wisconsin - July 12, 2016 - N.W.2d - 2016 WL 3676935 - 2016 WI 64

Corporation brought action against city challenging property tax assessment, and corporation made offer of settlement.

After the Circuit Court denied corporation's motion for summary judgment and affirmed city's valuation, corporation appealed, and the Court of Appeals reversed. On remand, the Circuit Court awarded corporation interest at 1% plus the prime rate, pursuant to the amended version of the interest statute. Corporation appealed, and city petitioned to bypass the Court of Appeals.

The Supreme Court of Wisconsin held that:

- Applying amended version of statute was not retroactive;
- Applying amended version of statute did not take away or impair corporation's vested rights, overruling *Johnson v. Cintas Corp. No. 2*, 360 Wis.2d 350, 860 N.W.2d 515;
- Corporation's due process rights were not violated;
- Statute providing that actions pending were not defeated by repeal of statute was not implicated; and
- Corporation's equal protection rights were not violated.

It was not retroactive, unfair, unreasonable, or unduly burdensome to plaintiff to apply amended version of statutory rate of interest, which applied when party recovered judgment greater than or equal to amount of its unaccepted offer of settlement, to plaintiff's judgment. Even though version in effect when plaintiff made offer set interest at 12%, while amended version provided rate of 1% plus prime rate, plaintiff had not recovered judgment before amended version took effect, plaintiff's right under amended version of statute at effective date of statute was inchoate, not perfected, not ripened, nor accrued, and amended interest rate compensated plaintiff for approximately market interest rate had judgment recovered been paid immediately.

Plaintiff did not have vested right to statutory 12% rate of interest applicable when party recovered judgment greater than or equal to amount of its unaccepted offer of settlement, which was in effect when plaintiff made its offer of settlement, and therefore amendment to statute that lowered interest rate did not retroactively take away or impair vested rights acquired by plaintiff under existing laws. Plaintiff's entitlement to interest was contingent on subsequent determination that plaintiff was entitled to judgment for greater than or equal to amount of its offer of settlement, and plaintiff did not obtain such determination while 12% interest rate was in effect; overruling *Johnson v. Cintas Corp. No. 2*, 360 Wis.2d 350, 860 N.W.2d 515.

Plaintiff's due process rights were not violated by applying amended version of statute awarding interest when party recovered judgment greater than or equal to amount of its unaccepted offer of settlement, which had interest rate of 1% plus prime rate at time plaintiff recovered judgment, rather than statutory 12% rate that was in effect when plaintiff made offer of settlement. Awarding interest under amended version of statute was not retroactive, and plaintiff did not acquire vested

right to 12% interest rate by making offer of settlement, as plaintiff did not recover judgment until after amendment took effect.

Statute providing that actions pending were not defeated by repeal of statute was not implicated by applying amended version of statute awarding interest when party recovered judgment greater than or equal to amount of its unaccepted offer of settlement, which had interest rate of 1% plus prime rate at time plaintiff recovered judgment, rather than statutory 12% rate that was in effect when plaintiff made offer of settlement. Plaintiff's right to interest did not arise until plaintiff recovered judgment, which occurred after statute was amended, and plaintiff's right to recover 12% interest rate was inchoate and contingent on plaintiff first obtaining judgment for as much or more than amount of its offer of settlement.

Rational basis existed for applying amended version of statute awarding interest when party recovered judgment greater than or equal to amount of its unaccepted offer of settlement, which had interest rate of 1% plus prime rate at time plaintiff recovered judgment, rather than statutory 12% rate that was in effect when plaintiff made offer of settlement, and therefore plaintiff's equal protection rights were not violated. Classes were substantially distinct, as parties that recovered judgment before amendment took effect had vested right to 12% rate while parties that did not recover judgment did not, reducing interest to near-market rates fulfilled various legislative objectives, and tying interest rate to market rates was fair to both plaintiff and defendant.

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