

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Walters**

S.J.R.

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7 **SENATE JOINT RESOLUTION**

8 PROPOSING AN AMENDMENT TO THE ARKANSAS CONSTITUTION TO
9 PROVIDE THAT THERE SHALL BE NO LIMIT TO THE AMOUNT OF
10 INTEREST CHARGEABLE ON LOANS OTHER THAN CONSUMER LOANS AND
11 CREDIT SALES OF LESS THAN \$25,000, AND THAT NO MORE THAN
12 THE LESSER OF 5% ABOVE THE AVERAGE BOND EQUIVALENT YIELD
13 OF THE FIFTY-TWO WEEK U. S. TREASURY BILL AUCTION RATES OR
14 17% SHALL BE CHARGED ON CONSUMER LOANS AND CREDIT SALES OF
15 LESS THAN \$25,000.

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19 BE IT RESOLVED BY THE SENATE OF THE SEVENTY-EIGHTH GENERAL ASSEMBLY OF THE
20 STATE OF ARKANSAS AND BY THE HOUSE OF REPRESENTATIVES, A MAJORITY OF ALL
21 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

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23 That the following is hereby proposed as an amendment to the Constitution
24 of the state of Arkansas, and upon being submitted to the electors of the
25 state for approval or rejection at the next general election for Senators and
26 Representatives, if a majority of the electors voting thereon at such
27 election, adopt such amendment, the same shall become a part of the
28 Constitution of the state of Arkansas, to wit:

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30 SECTION 1. Section 13 of Article 19 of the Arkansas Constitution is
31 hereby amended to read as follows:

32 "SECTION 13. Maximum lawful rates of interest.

33 (a) There shall hereafter be no limit on the amount of interest that
34 may be charged on loans other than consumer loans and credit sales of less
35 than twenty-five thousand dollars (\$25,000).

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1 (b) Consumer loans and credit sales of less than twenty-five thousand
2 dollars (\$25,000) having a rate of interest in excess of the lesser of the
3 Formula Rate at the time of the contract or seventeen percent (17%) per annum
4 shall be void as to principal and interest and the General Assembly shall
5 prohibit the same by law.

6 (c) Definitions: As used herein, the term:

7 (i) 'Consumer Loans and Credit Sales' means credit extended to a
8 natural person in which the money, property, or service which is the subject
9 of the transaction is primarily for personal, family or household purposes.

10 (ii) 'Formula Rate' means that rate which is five percentage
11 points above the average bond equivalent yield of the fifty-two (52) week
12 (sometimes referred to as one year) U. S. Treasury Bill auction rates for such
13 Treasury Bills offered by the U. S. Treasury during the immediately preceding
14 calendar quarter, as calculated in the manner hereinafter provided to the
15 nearest one-fourth of one percent (0.25%) and announced by the State Bank
16 Commissioner (or such successor official who may be performing substantially
17 the same duties) from information available from the Federal Reserve System of
18 the United States.

19 (d) Miscellaneous:

20 (i) The rate of interest for contracts in which no rate of
21 interest is agreed upon shall be six percent (6%) per annum.

22 (ii) The provisions hereof are not intended and shall not be
23 deemed to supersede or otherwise invalidate any provisions of federal law
24 applicable to loans or interest rates including loans secured by residential
25 real property.

26 (iii) The provisions hereof revoke all provisions of State law
27 which establish the maximum rate of interest chargeable in the State or which
28 are otherwise inconsistent herewith."

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30 SECTION 2. This amendment shall become effective on December 1, 1992.

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