

1 **State of Arkansas**

2 **79th General Assembly**

3 **Regular Session, 1993**

**S.J.R. 2**

4 **By: Senators Walters, Keet, Hardin, and Edwards**

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**SENATE JOINT RESOLUTION**

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PROPOSING A CONSTITUTIONAL AMENDMENT TO ESTABLISH THE

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MAXIMUM LAWFUL RATES OF INTEREST CHARGED IN THIS STATE

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**Subtitle**

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PROPOSING A CONSTITUTIONAL AMENDMENT TO ESTABLISH THE

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MAXIMUM LAWFUL RATES OF INTEREST CHARGED IN THIS STATE.

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16 BE IT RESOLVED BY THE SENATE OF THE SEVENTY-NINTH GENERAL ASSEMBLY OF THE

17 STATE OF ARKANSAS AND BY THE HOUSE OF REPRESENTATIVES, A MAJORITY OF ALL

18 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

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20 That the following is hereby proposed as an amendment to the Constitution

21 of the state of Arkansas, and upon being submitted to the electors of the

22 state for approval or rejection at the next general election for Senators and

23 Representatives, if a majority of the electors voting thereon at such

24 election, adopt such amendment, the same shall become a part of the

25 Constitution of the state of Arkansas, to wit:

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27 SECTION 1. Section 13 of Article 19 of the Arkansas Constitution is

28 amended to read as follows:

29 "Section 13. Maximum lawful rates of interest.

30 (a) Definitions: As used herein the term:

31 (i) Consumer Loans and Credit Sales means credit extended to a

32 natural person in which the money, property, or service which is the subject

33 of the transaction is primarily for personal, family or household purposes.

34 (ii) Federal Reserve Discount Rate means the Federal Reserve

35 Discount Rate on ninety-day (90) commercial paper in effect in the Federal

1 Reserve Bank in the Federal Reserve District in which Arkansas is located.

2 (iii) *\_General Loan\_* means all loans other than consumer loans  
3 and credit sales, *including without limitation all bonds and other public*  
4 *obligations.*

5 (b) The maximum lawful rate of interest on any contract for a general  
6 loan entered into after the effective date hereof shall not exceed eight  
7 percent (8%) per annum above the Federal Reserve Discount Rate at the time of  
8 the contract.

9 (c) Consumer Loans and Credit Sales: All contracts for consumer loans  
10 and credit sales having a greater rate of interest than seventeen percent  
11 (17%) per annum shall be void as to principal and interest.

12 (d) All contracts having a rate of interest in excess of the maximum  
13 lawful rate shall be void as to the unpaid interest. A person who has paid  
14 interest in excess of the maximum lawful rate may recover, within the time  
15 provided by law, twice the amount of interest paid. It is unlawful for any  
16 person to knowingly charge a rate of interest in excess of the maximum lawful  
17 rate in effect at the time of the contract, and any person who does so shall  
18 be subject to such punishment as may be provided by law.

19 (e) 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 *including without limitation the interest rate established in Section 1 (a) of*  
28 *Amendment 62 of the Arkansas Constitution, which establish the maximum rate of*  
29 *interest chargeable in the state or which are otherwise inconsistent*  
30 *herewith."*

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32 SECTION 2. This amendment shall become effective on January 1, 1995.

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*/s/ Senator Walters*

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