

**Hall of the House of Representatives**  
87th General Assembly - Regular Session, 2009  
**Amendment Form**

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**Subtitle of House Joint Resolution No. 1004**

"PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARKANSAS  
CONCERNING THE INTEREST RATE LIMITS."

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**Amendment No. 1 to House Joint Resolution No. 1004.**

Amend House Joint Resolution No. 1004 as originally introduced:

Page 1, delete Section 1 in its entirety and substitute the following:

"SECTION 1. The maximum lawful rates of interest on bonds issued by governmental units in the State of Arkansas as set forth in various provisions and amendments to the Arkansas Constitution of 1874, including Article 19, § 13, and Amendment Nos. 30, 38, 62, 65, and 78, are removed.

SECTION 2. The maximum lawful rate of interest on loans made by or to governmental units in the State of Arkansas as set forth in Article 19, § 13 of the Arkansas Constitution of 1874 is removed.

SECTION 3. (a) All other loans having a greater rate of interest than seventeen percent (17%) per annum shall be void as to the principal and interest.

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

SECTION 4. (a) The term "bonds" means all bonds, notes, certificates, financing leases, or other interest-bearing instruments or evidences of indebtedness.

(b) The term "governmental unit" means the State of Arkansas; any county, municipality, school district, or other political subdivision of the State of Arkansas; any special assessment or taxing district established under the laws of the State of Arkansas; and any agency, board, commission, or instrumentality of any of the foregoing.

(c) The term "loans made by or to governmental units" means all direct or indirect advances of funds and moneys that are conditioned on the obligation of a person or entity to repay the funds and moneys pursuant to loan agreements, lease agreements, installment sale agreements, security agreements, notes, or other instruments or documents evidencing the indebtedness and are made by or to governmental units.

(d)(1) The term "other loans" means all direct or indirect advances of funds and moneys that are conditioned on the obligation of a person or entity



to repay the funds and money under loan agreements, lease agreements, installment sale agreements, security agreements, notes, or other instruments or documents evidencing the indebtedness.

(2) The term "other loans" shall not mean loans made by or to governmental units.

SECTION 5. This constitutional amendment shall not supersede or invalidate any federal law applicable to loans or interest rates including loans secured by residential real property.

SECTION 6. The ballot title for this amendment shall be:

An amendment to the Arkansas Constitution to remove the constitutional interest rate limits on bonds issued by and loans made by or to governmental units by repealing the interest rate limitations set forth in Article 19, § 13, and Amendment Nos. 30, 38, 62, 65, and 78 of the Arkansas Constitution with respect to such bonds and loans, and to establish that the maximum interest rate for other loans is seventeen percent (17%) per annum.

SECTION 7. Nothing in this amendment shall limit the power of the General Assembly to fix, from time to time, one or more interest rate limits on various types of bonds and loans.

SECTION 8. If this amendment or the application thereof to any person or circumstances is held invalid, the remainder of the amendment and its application to persons or circumstances other than those to which it is held invalid shall not be affected.

SECTION 9. The provisions of this amendment shall be self-executing.

SECTION 10. The provisions of this amendment shall apply to all bonds issued and loans, including other loans made in whole or in part after the effective date of this amendment.

SECTION 11. All provisions of the Constitution of 1874 or amendments in conflict with this amendment relating to limitation of the charging or paying of interest or the limitation on the rate of interest that a governmental unit can pay or be charged on its indebtedness including, but not limited to, provisions of Article 19, § 13, and Amendment Nos. 30, 38, 62, 65, and 78 are repealed to the extent of such conflict."

The Amendment was read \_\_\_\_\_  
By: Representative Cheatham  
MAG/CDS - 03-16-2009 15:04  
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Chief Clerk