

Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

HJR 1013

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5 By: Representative Dobbins
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HOUSE JOINT RESOLUTION

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9 PROPOSING AN AMENDMENT TO THE ARKANSAS
10 CONSTITUTION TO INCREASE THE MAXIMUM LAWFUL RATE
11 OF INTEREST TO FIFTEEN PERCENT (15%) ABOVE THE
12 PRIMARY CREDIT RATE AND TO DEFINE "PRIMARY CREDIT
13 RATE".
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Subtitle

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16 PROPOSING AN AMENDMENT TO THE ARKANSAS
17 CONSTITUTION TO INCREASE THE MAXIMUM
18 LAWFUL RATE OF INTEREST TO FIFTEEN
19 PERCENT (15%) ABOVE THE PRIMARY CREDIT
20 RATE AND TO DEFINE "PRIMARY CREDIT
21 RATE".
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24 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL
25 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL
26 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:
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28 That the following is proposed as an amendment to the Constitution of
29 the State of Arkansas, and upon being submitted to the electors of the state
30 for approval or rejection at the next general election for Representatives
31 and Senators, if a majority of the electors voting thereon at the election,
32 adopt the amendment, the amendment shall become a part of the Constitution of
33 the State of Arkansas, to wit:
34

35 SECTION 1. Section 13 of Article 19 of the Arkansas Constitution is
36 amended to read as follows:



1 § 13. Maximum lawful rates of interest.

2 (a) General Loans:

3 (i) The maximum lawful rate of interest on any contract entered
4 into after the effective date hereof shall not exceed ~~five percent (5%)~~
5 fifteen percent (15%) per annum above the ~~Federal Reserve Discount Rate~~
6 primary credit rate at the time of the contract.

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

14 (b) Consumer Loans and Credit Sales: All contracts for consumer loans
15 and credit sales having a greater rate of interest than ~~seventeen percent~~
16 ~~(17%)~~ twenty-seven percent (27%) per annum shall be void as to principal and
17 interest and the General Assembly shall prohibit the same by law.

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

19 (i) "consumer loans and credit sales" means credit extended to a
20 natural person in which the money, property, or service which is the subject
21 of the transaction is primarily for personal, family or household purposes.

22 (ii) ~~"Federal Reserve Discount Rate" means the Federal Reserve~~
23 ~~discount rate on ninety-day commercial paper~~ "primary credit rate" means the
24 lowest short-term credit rate in effect in the Federal Reserve Bank in the
25 Federal Reserve District in which Arkansas is located.

26 (d) Miscellaneous:

27 (i) The rate of interest for contracts in which no rate of
28 interest is agreed upon shall be ~~six percent (6%)~~ five percent (5%) per
29 annum.

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

34 (iii) The provisions hereof revoke all provisions of State law
35 which establish the maximum rate of interest chargeable in the State or which
36 are otherwise inconsistent herewith. [As amended by Const. Amend. 60.]

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SECTION 2. This amendment becomes effective on January 1, 2007.