

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

1 State of Arkansas  
2 87th General Assembly  
3 Regular Session, 2009

*As Engrossed: H3/18/09*

HJR 1004

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5 By: Representative Cheatham  
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**HOUSE JOINT RESOLUTION**

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

**Subtitle**

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13 PROPOSING AN AMENDMENT TO THE  
14 CONSTITUTION OF ARKANSAS CONCERNING THE  
15 INTEREST RATE LIMITS.  
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18 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-SEVENTH GENERAL  
19 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL  
20 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:  
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22 That the following is proposed as an amendment to the Constitution of  
23 the State of Arkansas, and upon being submitted to the electors of the state  
24 for approval or rejection at the next general election for Representatives  
25 and Senators, if a majority of the electors voting thereon at the election  
26 adopt the amendment, the amendment shall become a part of the Constitution of  
27 the State of Arkansas, to wit:  
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29 SECTION 1. The maximum lawful rates of interest on bonds issued by  
30 governmental units in the State of Arkansas as set forth in various  
31 provisions and amendments to the Arkansas Constitution of 1874, including  
32 Article 19, § 13, and Amendment Nos. 30, 38, 62, 65, and 78, are removed.  
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34 SECTION 2. The maximum lawful rate of interest on loans made by or to  
35 governmental units in the State of Arkansas as set forth in Article 19, § 13  
36 of the Arkansas Constitution of 1874 is removed.



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

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

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

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

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

22        (d)(1) The term "other loans" means all direct or indirect advances of  
23 funds and moneys that are conditioned on the obligation of a person or entity  
24 to repay the funds and money under loan agreements, lease agreements,  
25 installment sale agreements, security agreements, notes, or other instruments  
26 or documents evidencing the indebtedness.

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

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

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

35        An amendment to the Arkansas Constitution to remove the constitutional  
36 interest rate limits on bonds issued by and loans made by or to governmental

1 units by repealing the interest rate limitations set forth in Article 19, §  
2 13, and Amendment Nos. 30, 38, 62, 65, and 78 of the Arkansas Constitution  
3 with respect to such bonds and loans, and to establish that the maximum  
4 interest rate for other loans is seventeen percent (17%) per annum.

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

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

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

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

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21 SECTION 11. All provisions of the Constitution of 1874 or amendments  
22 in conflict with this amendment relating to limitation of the charging or  
23 paying of interest or the limitation on the rate of interest that a  
24 governmental unit can pay or be charged on its indebtedness including, but  
25 not limited to, provisions of Article 19, § 13, and Amendment Nos. 30, 38,  
26 62, 65, and 78 are repealed to the extent of such conflict.

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30 /s/ Cheatham  
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