

Stricken language would be deleted from the present constitution. Underlined language would be added to present constitution.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

H.J.R. 1007

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5 By: Representative Young
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8 HOUSE JOINT RESOLUTION

9 PROPOSING A CONSTITUTIONAL AMENDMENT TO PROVIDE THAT THE
10 MAXIMUM LAWFUL RATE OF INTEREST FOR CONTRACTS ENTERED INTO
11 AFTER JANUARY 1, 1999 SHALL BE TWENTY-FOUR PERCENT (24%).
12

13 Subtitle

14 PROPOSING A CONSTITUTIONAL AMENDMENT TO
15 PROVIDE THAT THE MAXIMUM LAWFUL RATE OF
16 INTEREST FOR CONTRACTS ENTERED INTO
17 AFTER JANUARY 1, 1999 SHALL BE 24%.
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21 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIRST GENERAL
22 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL MEMBERS
23 ELECTED TO EACH HOUSE AGREEING THERETO:
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25 That the following is hereby proposed as an amendment to the Constitution
26 of the State of Arkansas, and upon being submitted to the electors of the
27 state for approval or rejection at the next general election for
28 Representatives and Senators, if a majority of the electors voting thereon at
29 such election, adopt such amendment, the same shall become a part of the
30 Constitution of the state of Arkansas, to wit:
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32 SECTION 1. Section 13 of Article 19 of the Arkansas Constitution is
33 amended to read as follows:

34 "§ 13. Maximum lawful rates of interest.

35 (a) General Loans:

36 (i) The maximum lawful rate of interest on any contract entered into
37 after ~~the effective date hereof~~ January 1, 1999 shall not exceed ~~five percent~~

1 ~~(5%) twenty-four percent (24%) per annum above the Federal Reserve Discount~~
2 ~~Rate at the time of the contract.~~

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

10 (b) Consumer Loans and Credit Sales: All contracts for consumer loans
11 and credit sales having a greater rate of interest than seventeen percent
12 (17%) per annum shall be void as to principal and interest and the General
13 Assembly shall prohibit the same by law.

14 (c) Definitions: As used herein, the term-

15 ~~—— (i) Consumer Loans and Credit Sales means credit extended to a natural~~
16 ~~person in which the money, property, or service which is the subject of the~~
17 ~~transaction is primarily for personal, family or household purposes.~~

18 ~~—— (ii) "Federal Reserve Discount Rate" means the Federal Reserve Discount~~
19 ~~Rate on ninety-day commercial paper in effect in the Federal Reserve Bank in~~
20 ~~the Federal Reserve District in which Arkansas is located.~~

21 ~~—— (d) Miscellaneous:~~

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

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

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

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31 SECTION 2. The provisions of this amendment shall be effective on and
32 after January 1, 1999.

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