

1 HB321  
2 182790-1  
3 By Representatives Fincher, Drake, Wingo, Scott, Rogers,  
4 McCampbell, Mooney, Beech, England, Forte, Beckman, McMillan,  
5 Jackson, Alexander, Crawford, Buskey, Howard, Boothe, Gaston,  
6 Givan, Rich, Millican, Johnson (R), Patterson, Ledbetter,  
7 Ball, Rowe, Treadaway, Hall, Sanderford, Farley, Pettus,  
8 Wadsworth, Williams (JW), Hanes, Whorton (I), Butler, Faust,  
9 Nordgren, Warren, Drummond, Whorton (R), McCutcheon, Lee and  
10 Coleman (Constitutional Amendment)  
11 RFD: Constitution, Campaigns and Elections  
12 First Read: 28-FEB-17

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8 SYNOPSIS: This bill would propose an amendment to the  
9 Constitution of Alabama of 1901, capping the  
10 maximum interest rate on certain consumer loans,  
11 lines of credit, and other financial products at 36  
12 percent per annum.

13  
14 A BILL  
15 TO BE ENTITLED  
16 AN ACT  
17

18 To propose an amendment to the Constitution of  
19 Alabama of 1901, capping the interest rate on certain consumer  
20 loans, lines of credit, and other financial products at 36  
21 percent per annum.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. The following amendment to the  
24 Constitution of Alabama of 1901, as amended, is proposed and  
25 shall become valid as a part thereof when approved by a  
26 majority of the qualified electors voting thereon and in

1 accordance with Sections 284, 285, and 287 of the Constitution  
2 of Alabama of 1901, as amended:

3 PROPOSED AMENDMENT

4 (a) The Legislature finds and declares the  
5 following:

6 (1) A sound consumer lending practice vitally  
7 affects the general economy of this state and the public  
8 interest and welfare of its citizens. Responsible lending  
9 practices enable businesses to prosper without placing  
10 borrowers in unwarranted debt caused by unjustifiable interest  
11 rates. Lenders and borrowers should both be held to fiscal  
12 responsibility when entering lending transactions.

13 (2) No person should be subject to unconscionable  
14 interest rates authorized by government regulation. No church,  
15 charity, or community foundation should bear the burden of  
16 providing financial assistance because government-approved  
17 loan products are proven to be exploitive.

18 (3) Interest rates on consumer loans have varied  
19 widely in Alabama, from six percent to over 400 percent  
20 annually.

21 (b) The maximum interest rate a lender may charge an  
22 individual on a consumer loan, line of credit, or other  
23 financial product shall be 36 percent per annum, as defined by  
24 the Federal Reserve Board in Regulation Z of the Truth in  
25 Lending Act, and the Legislature may not by general or local  
26 law authorize an interest rate of more than 36 percent per  
27 annum.

1           Section 2. An election upon the proposed amendment  
2 shall be held in accordance with Sections 284 and 285 of the  
3 Constitution of Alabama of 1901, now appearing as Sections 284  
4 and 285 of the Official Recompilation of the Constitution of  
5 Alabama of 1901, as amended, and the election laws of this  
6 state.

7           Section 3. The appropriate election official shall  
8 assign a ballot number for the proposed constitutional  
9 amendment on the election ballot and shall set forth the  
10 following description of the substance or subject matter of  
11 the proposed constitutional amendment:

12                 "Proposing an amendment to the Constitution of  
13 Alabama of 1901, to provide that the maximum interest rate a  
14 lender may charge an individual on a consumer loan, line of  
15 credit, or other financial product shall be 36 percent per  
16 annum.

17                 "Proposed by Act \_\_\_\_\_."

18                 This description shall be followed by the following  
19 language:

20                 "Yes ( ) No ( )."