

SMALL LOANS: Finance Commissioner has no authority
to issue small loan licenses after
CONSTITUTIONAL LAW: July 1, 1946.

July 1, 1946



Honorable Harry G. Shaffner
Commissioner of Finance
Jefferson City, Missouri

Dear Mr. Shaffner:

This will confirm my oral opinion given you today, holding that you do not have authority to issue small loan licenses and that you should not do so for the reasons hereinafter set forth.

Section 44 of Article III of the Constitution of 1945 provides as follows:

"Sec. 44. Uniform Interest Rates.-- No law shall be valid fixing rates of interest or return for the loan or use of money, or the service or other charges made or imposed in connection therewith, for any particular group or class engaged in lending money. The rates of interest fixed by law shall be applicable generally and to all lenders without regard to the type or classification of their business."

The above Section plainly prohibits the fixing of rates of interest for any particular group or class engaged in lending money, and further provides that rates of interest fixed by law, shall be applicable generally to all lenders without regard to the type or classification of their business.

Hon. Harry G. Shaffner

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The small loan law does fix rates of interest for a particular class of lenders, and the rates of interest provided in said small loan act do not apply generally to all lenders. The small loan law is, therefore, in conflict with Section 44 of Article III of the Constitution, supra.

Under the provisions of Section 2 of the Schedule of the new Constitution, all laws inconsistent with the new Constitution automatically become void on and after July 1, 1946. Therefore, there is no law at the present time authorizing you to issue small loan licenses, nor is there any law authorizing persons, co-partnerships, or corporations to operate thereunder.

It is, therefore, the opinion of this office that you do not have authority to issue licenses to applicants for small loan licenses on and after this date and that you should not attempt to do so.

Yours very truly,

J. E. TAYLOR
Attorney General

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