

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1301 (as introduced 5-7-02)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

Date Completed: 5-7-02

CONTENT

The bill would amend Section 18b of the Michigan Transportation Fund law, which allows the State Transportation Commission to issue notes and bonds for purposes specified in that section, to provide that the Commission could authorize by resolution the execution and delivery of agreements providing for interest rate exchanges or swaps, hedges, or similar agreements, in connection with outstanding bonds, notes, or other obligations issued under the law or in connection with the issuance or proposed issuance of bonds, notes, or other indebtedness.

MCL 247.668b

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would result in increased costs associated with fees/charges assessed by financial institutions to effect interest rate exchanges or swaps, hedges, or similar agreements. These costs, however, could be offset in the long run as a result of lower interest rates on outstanding bonds, notes, or other obligations. Presumably, the State Transportation Commission would enter into such agreements when debt service savings could be realized. The amount of savings would be contingent on existing interest rates, terms of indebtedness, and future interest rates.

Fiscal Analyst: Craig Thiel

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