
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

House Bill 5835 (Substitute H-1 as reported without amendment)

Sponsor: Representative Andrew Richner

House Committee: Commerce

Senate Committee: Financial Services

CONTENT

The bill would amend the Uniform Commercial Code to provide for the continuity of contracts after euro conversion. The bill would apply to all contracts, securities, and instruments, including contracts with respect to commercial transactions, and would not be displaced by any other Michigan law. The bill would apply to a contract, security, and instrument entered into or issued before, on, or after its effective date. The bill is tie-barred to House Bill 5800. When an agreement between parties to a contract specifically related to the introduction of the euro and was in conflict with either bill, the parties' agreement would control.

"Euro" would mean the currency of participating member states of the European Union that adopted a single currency in accordance with the Treaty on European Union. "ECU" or "European Currency Unit" would mean "the currency basket that is from time to time used as the unit of account of the European Union as defined in European Council regulation no. 3320/94".

The bill specifies that the right under House Bill 5800 to tender payment in the originally designated currency would not be affected if the currency had been substituted or replaced by the euro or the currency were considered a denomination of the euro and had a fixed conversion rate with respect to the euro.

None of the following could discharge or excuse performance under a contract, security, or instrument or give a party the right, unilaterally, to alter or terminate a contract, security, or instrument: the introduction of the euro; tendering euros as authorized by House Bill 5800 in connection with any obligation; determining the value of an obligation in compliance with House Bill 5800; or calculating or determining the subject or medium of payment of a contract, security, or instrument under House Bill 5800 with reference to an interest rate or other calculation rate that had been substituted or replaced due to the introduction of the euro and that was a commercially reasonable substitute for and substantial equivalent to an original interest rate.

Proposed MCL 440.1211

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 9-21-98

Fiscal Analyst: E. Limbs