
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5800 (Substitute H-2 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 conversion to the European currency the "euro" with respect to contracts, securities, or financial instruments. The bill is tied to House Bill 5835.

"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, if a subject or medium of payment of a contract, security, or instrument were either the ECU or a currency that had been substituted or replaced by the euro, the euro would be a commercially reasonable substitute and substantial equivalent that could be used in determining the value of that currency or tendered at the conversion rate specified in and calculated according to the regulations adopted by the Council of the European Union.

Unless the parties to a contract, security, or instrument agreed otherwise, the tendering of money could be made only in euros or in the currency originally designated by the contract, security, or instrument, if that currency remained legal tender at the time of performance.

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 the effective date of House Bill 5835.

Proposed MCL 440.1210

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