



**Senate Fiscal Agency**  
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**BILL ANALYSIS**

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House Bill 5056 (as passed by the House)  
Sponsor: Representative Greg Kaza  
House Committee: Urban Policy  
Senate Committee: Financial Services

Date Completed: 1-29-96

**CONTENT**

The bill would amend the Municipal Finance Act to allow a “distressed urban area” that was authorized to issue bonds to issue the bonds denominated in a foreign currency, unless prohibited by law or charter. The issuance of foreign currency bonds would have to be subject to prevailing market conditions and a distressed urban area could not issue them if prevailing market conditions did not warrant their issuance.

The denomination of foreign currency bonds would have to be disclosed, in writing, by the underwriter to a prospective purchaser before sale of the bonds to that purchaser. A sale of bonds in violation of this requirement would be voidable at the purchaser’s option. A bond issued under the bill would be an obligation under the Act and the issuance of the bond would require prior approval of the Department of Treasury.

“Distressed urban area” would mean a city that had been designated as an empowerment zone or enterprise community by the United States Department of Housing and Urban Development.

Proposed MCL 133.16

Legislative Analyst: P. Affholter

**FISCAL IMPACT**

The bill would allow distressed urban areas, specifically cities designated as empowerment zones or enterprise communities, to issue foreign currency bonds. The cities involved could lower interest costs.

The bill would have no fiscal impact on State government.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.