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FISCAL IMPACT REPORT

SPONSOR: Burpo DATE TYPED: 02/07/01 HB 168

SHORT TITLE: Local Debt Service Account Contracts SB _____

ANALYST: Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

This bill amends Section 6-18-8.1 “Contracts To Exchange Interest Rates, Cash Flows Or Limit Exposure”.

The essence of the change is to allow public bodies to set terms in contract for long term debt obligations on bond issues that have a variable rate. The additional terms allowed would limit debt service on the principal amount of a bond issue to a maximum rate, a minimum rate or both. This change would provide some protection to the contracting parties in a volatile interest rate environment.

Board of Finance will review the contracts and determine at their discretion that the contract results in a long-term financial benefit for the public body.

JBE/ar