

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2110 - SB 2133

February 12, 2022

SUMMARY OF BILL: Enacts the “LIBOR Discontinuance and Replacement Act.” Replaces the London Interbank Offering Rate (LIBOR) in certain contracts, securities, or instruments that use LIBOR as a benchmark with the recommended benchmark replacement, the Secured Overnight Financing Rate (SOFR) published by the Federal Reserve Bank of New York. Authorizes the “determining person” to select the recommended benchmark replacement as the new benchmark. Exempts contracts, securities, and instruments where the benchmark is designated to fall back to the prime rate or another non-LIBOR benchmark as the replacement rate, or when requisite parties all agree on the exemption.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Based on information from the United States Securities and Exchange Commission, LIBOR’s regulator the Financial Conduct Authority and administrator, ICE Benchmark Administration, Limited, announced that the publication of the one-week and two-month USD LIBOR maturities and non-USD LIBOR maturities will cease immediately after December 31, 2021, with the remaining USD LIBOR maturities ceasing immediately after June 30, 2023.
- The proposed legislation will mainly affect private actors and is estimated to have no significant impact on contracts for which state and local governments are liable.
- Any change in state investments will not result in any significant impact on state revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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