Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 252 (as substitute S-3 as reported)
Sponsor: Senator Jack Brandenburg
Committee: Outdoor Recreation and Tourism

**CONTENT**

The bill would create the "Marina Dredging Loan Origination Act" to authorize the State Treasurer to establish a program through which the State would pay the origination fees for a dredging loan obtained by the owner of an "eligible marina". Specifically, the Act would do the following:

-- Require participating qualified financial institutions to make marina dredging loans before March 1, 2014.
-- Require the State to pay 5% of the principal amount of the loan to cover the financial institution's administrative costs.
-- Limit the term of a loan to five years and the maximum amount to $500,000 per marina.
-- Require each participating financial institution to report to the State Treasurer the amount of marina dredging loans it made, by March 1, 2014; and file an affidavit to show compliance with the program and the Act.
-- For fiscal year 2012-13, appropriate $1.0 million to the Department of Treasury to pay loan origination fees under the program.

"Eligible marina" would mean a privately owned, commercial facility in Michigan that meets all of the following requirements:

-- Extends into or over the Great Lakes, their connecting waters, or an inland lake or stream.
-- Provides docking, mooring, or launching services for recreational boating, and does not limit its services based on religion, race, color, creed, national origin, sex, marital status, disability, age, sexual orientation, or family status.
-- Has received the permits required by law from the Department of Environmental Quality and the Army Corps of Engineers, as appropriate, for the dredging to be conducted with marina dredging loan funds.

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

Under the proposed marina dredging loan origination program, the State would pay a qualified financial institution a loan origination fee equal to 5% of the original principal amount of a marina dredging loan. The bill would limit the amount of a loan to $500,000 per eligible marina, which would cap the State's payment at $25,000 per loan. The bill would appropriate $1.0 million GF/GP in FY 2012-13 to the Department of Treasury to pay loan origination fees. This would support loan origination fees on up to $20.0 million in marina dredging loans. The appropriation would be established as a work project with an estimated completion date of March 1, 2014, the final date for financial institutions to report to the Department of Treasury on the amount of loans made under the program.

The Department of Treasury would have increased administrative responsibilities and costs to operate the program. In the absence of an appropriation for administrative costs, the additional costs would be absorbed within existing Department resources. Similarly, the Department of Attorney General would have increased costs of an unknown amount to review the legal form of all documents related to State payments of a loan origination fee under the program. These costs likely would be within the existing scope of legal services provided to the Department of Treasury.

Date Completed: 3-13-13 Fiscal Analyst: Elizabeth Pratt