SUBSTITUTE FOR

SENATE BILL NO. 252

A bill to establish a marina dredging loan origination program; to authorize certain loan guarantees; to prescribe the powers and duties of certain state agencies and officials; and to provide for an appropriation.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. This act shall be known and may be cited as the
- 2 "marina dredging loan origination act".
- 3 Sec. 2. As used in this act:
- 4 (a) "Bottomland" means the land area of a water body that lies
- 5 below the ordinary high-water mark and that may or may not be
- 6 covered by water.
- 7 (b) "Dredging" means the removal of sediments from bottomland.
- 8 (c) "Dredging costs" means the costs associated with dredging
- 9 that were incurred after February 1, 2013, including costs of

2

- 1 removal, disposal, and testing of sediments, and the costs
- 2 associated with obtaining necessary permits required to conduct
- 3 dredging.
- 4 (d) "Eligible marina" means a privately owned, commercial
- 5 facility in this state that meets all of the following
- 6 requirements:
- 7 (i) Extends into or over the Great Lakes, their connecting
- 8 waters, or an inland lake or stream.
- 9 (ii) Provides docking, mooring, or launching services for
- 10 recreational boating and does not limit its services based on
- 11 religion, race, color, creed, national origin, sex, marital status,
- 12 disability, age, sexual orientation, or family status.
- 13 (iii) Has received the permits required by law from the
- 14 department of environmental quality and the army corps of
- 15 engineers, as appropriate, for the dredging to be conducted with
- 16 marina dredging loan funds.
- 17 (e) "Financial institution" means a state or national bank, a
- 18 state or federally chartered savings and loan association, a state
- 19 or federally chartered savings bank, a state or federally chartered
- 20 credit union, or other regulated lending institution whose deposits
- 21 are insured by an agency of the United States government, that
- 22 maintains a principal office or branch office in this state under
- 23 the laws of this state or the United States.
- 24 (f) "Inland lake or stream" means that term as it is defined
- 25 in section 30101 of the natural resources and environmental
- 26 protection act, 1994 PA 451, MCL 324.30101.
- 27 (g) "Marina dredging loan" means a loan or the refinancing of

1 all or a portion of a loan made to the owner of an eliqible marina

3

- 2 for dredging costs necessitated by low water levels to accommodate
- 3 the use of the marina by recreational watercraft.
- 4 (h) "Ordinary high-water mark" means either of the following:
- 5 (i) For an inland lake or stream, that term as it is defined in
- 6 section 30101 of the natural resources and environmental protection
- 7 act, 1994 PA 451, MCL 324.30101.
- 8 (ii) For the Great Lakes, the ordinary high-water mark as
- 9 described in section 32502 of the natural resources and
- 10 environmental protection act, 1994 PA 451, MCL 324.32502.
- 11 (i) "Person" means an individual, partnership, corporation,
- 12 association, governmental entity, or other legal entity.
- 13 (j) "Program" means the marina dredging loan origination
- 14 program established under this act.
- 15 (k) "Qualified financial institution" means a financial
- 16 institution that has a physical location in this state or whose
- 17 principal office is located in this state, or both.
- Sec. 3. (1) The state treasurer may establish a marina
- 19 dredging loan origination program as provided in this act.
- 20 (2) The program shall meet all of the following:
- 21 (a) A qualified financial institution shall make marina
- 22 dredging loans before March 1, 2014.
- 23 (b) A person receiving a marina dredging loan shall pay an
- 24 interest rate authorized under this act and established by the
- 25 qualified financial institution.
- 26 (c) This state shall pay loan origination fees, on a first
- 27 come first serve basis, for administrative costs incurred by the

- 1 qualified financial institution equal to 5% of the original
- 2 principal amount of the loan.
- 3 (3) A marina dredging loan shall comply with all of the
- 4 following:
- 5 (a) Interest shall be set by the qualified financial
- 6 institution at a rate of not more than the higher of 2.5% or the
- 7 adjusted prime rate minus 0.75%. As used in this subdivision,
- 8 "adjusted prime rate" means that term as it is defined in section
- 9 23 of 1941 PA 122, MCL 205.23.
- 10 (b) The term of the loan shall not be more than 5 years.
- 11 (c) The first principal payment required under the loan shall
- 12 not occur before 24 months after the issuance of the loan.
- 13 (4) A marina dredging loan shall not exceed \$500,000.00 per
- 14 eligible marina.
- 15 Sec. 4. (1) The state treasurer may take any necessary action
- 16 to ensure the successful operation of the program, including, but
- 17 not limited to, entering into agreements with qualified financial
- 18 institutions related to the operation of the program and the
- 19 issuance of marina dredging loans.
- 20 (2) The attorney general shall approve as to legal form all
- 21 documents relating to the payment of a loan origination fee by this
- 22 state.
- 23 (3) Each qualified financial institution participating in the
- 24 program shall do both of the following:
- 25 (a) By March 1, 2014, report to the state treasurer the
- 26 principal amount of marina dredging loans made under the program.
- 27 (b) File an affidavit with the state treasurer signed by a

- 1 senior executive officer of the qualified financial institution
- 2 stating that the qualified financial institution is in compliance
- 3 with the program and this act.
- 4 (4) Upon request by the state treasurer, a qualified financial
- 5 institution shall forward to the state treasurer a copy of any
- 6 affidavit executed by a person receiving a marina dredging loan
- 7 under this act. The qualified financial institution and the state
- 8 treasurer shall destroy the affidavit or its copy after the marina
- 9 dredging loan is repaid.
- 10 (5) The program is found and declared to be for a valid public
- 11 purpose.
- Sec. 5. (1) For the state fiscal year ending September 30,
- 13 2013, there is appropriated from the general fund to the department
- 14 of treasury the sum of \$1,000,000.00 for the payment of loan
- 15 origination fees under this act.
- 16 (2) The appropriation authorized in this section is a work
- 17 project appropriation, and any unencumbered or unallotted funds are
- 18 carried forward into the following fiscal year. The following is in
- 19 compliance with section 451a(1) of the management and budget act,
- 20 1984 PA 431, MCL 18.1451a:
- 21 (a) The purpose of the project is to provide financial
- 22 assistance to eligible marinas and to alleviate financial distress
- 23 caused by low water levels impacting recreational watercraft use
- 24 and related economic impacts through the program.
- 25 (b) The work project will be accomplished through the use of
- 26 payments to qualified financial institutions for marina dredging
- 27 loan origination fees for administrative costs incurred by

- 1 qualified financial institutions.
- 2 (c) The total estimated completion cost of the work project is
- **3** \$1,000,000.00.
- 4 (d) The estimated completion date of the work project is March
- **5** 1, 2014.