

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

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Senate Bill 1169 (as reported with amendments)

Sponsor: Senator Joel Gougeon

Senate Committee: Appropriations

## **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to require the Department of Natural Resources (DNR) to establish a low interest loan program for State marina owners to cover the cost of dredging; to create the "Emergency Recreational Water Access Fund"; and to appropriate \$10,000,000 GF/GP to the Fund, and \$10,000,000 from the Fund to the DNR in FY 1999-2000 for implementing the proposed loan program.

The DNR would have to establish a low interest loan program by April 1, 2000. Loans would have to be provided on a first-come-first-served basis, for dredging projects beginning after January 1, 2000. The maximum loan amount would be \$50,000, at an interest rate equivalent to that charged under the State Water Pollution Control Revolving Fund. A loan would be for a term of seven years, with the first payment due one year after the loan's issuance.

A properly submitted loan application would have to be approved if the Department determined that the dredging project was needed for the marina to be used by recreational watercraft, that the applicant was financially able to repay the loan, and that the applicant was able to complete the dredging project in compliance with the bill. The DNR would be required to enter into an agreement with approved applicants specifying the terms and conditions of the loan, including a requirement that the loan recipient provide evidence that all necessary dredging permits had been obtained, evidence that funds were used to pay dredging costs, and penalties for loan default.

The Emergency Recreational Water Access Fund would be created in the State Treasury, with money in the Fund spent for loans for dredging and for DNR administrative costs (limited to 3% of the amount appropriated in any fiscal year). Balances in the Fund at the end of the fiscal year would remain in the Fund and not lapse to the General Fund. All money received by the DNR in repayment of loans made under the bill would be deposited into the Fund.

The bill would prohibit the Department from approving a loan from the Fund after October 1, 2002. Before that date, the DNR, in consultation with the Department of Treasury, would be required to submit an evaluation report to the Legislature including an assessment of the continued need for the loan program beyond October 1, 2002, and any recommendations for statutory changes to improve the program.

## **FISCAL IMPACT**

In addition to the \$10,000,000 GF/GP appropriation made by the bill, it would result in a cost to the State General Fund of approximately \$500,000 in the first year and approximately \$250,000 in the second year. These amounts reflect the interest that would have been earned had the \$10,000,000 remained in the General Fund, earning interest at approximately the 5% rate earned by the State's Common Cash Fund. The cost of interest would be less in the second year, because it is assumed that the loan recipients would begin to repay the loans in that year at the rate paid for loans under the State Water Pollution Control Revolving Fund Program, which was 2.5% in FY 1999-2000.

Date Completed: 5-2-00

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