

MAINE STATE LEGISLATURE

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Date: 2/14/19

MAJORITY

L.D. 477

(Filing No. S-1)

HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
SENATE
129TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 141, L.D. 477, Bill, "An Act To Provide Relief to Federal Employees Affected by the Federal Shutdown"

Amend the bill by striking out the title and substituting the following:

'An Act To Provide Relief to Federal Employees Affected by a Federal Shutdown'

Amend the bill in the emergency preamble by striking out all of the 3rd paragraph (page 1, lines 5 to 7 in L.D.) and inserting the following:

'Whereas, during a partial shutdown or full shutdown of the Federal Government, these federal employees are not paid, regardless of whether they are working, which causes enormous stress, both fiscal and emotional, on those employees; and'

Amend the bill in the emergency preamble in the 4th paragraph in the first line (page 1, line 8 in L.D.) by striking out the following: "already"

Amend the bill in section 1 in §157 in the first paragraph in the last line (page 1, line 24 in L.D.) by inserting after the following: "13." the following: 'Upon the termination of the Federal Shutdown Loan Guarantee Program as required by Title 10, section 1100-FF, the State Controller shall transfer any funds remaining in the fund to the unappropriated surplus of the General Fund.'

Amend the bill in section 2 in subchapter 13 in §1100-AA in subsection 1 in the 2nd line (page 1, line 32 in L.D.) by striking out the following: "the shutdown" and inserting the following: 'a shutdown'

Amend the bill in section 2 in subchapter 13 in §1100-AA in subsection 7 in the first paragraph in the last line (page 2, line 16 in L.D.) by striking out the following: "not subject to:" and inserting the following: 'insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.'

Amend the bill in section 2 in subchapter 13 in §1100-AA in subsection 7 by striking out all of paragraphs A to E (page 2, lines 17 to 24 in L.D.)

COMMITTEE AMENDMENT

1 Amend the bill in section 2 in subchapter 13 in §1100-AA by striking out all of
2 subsection 11 (page 2, lines 32 and 33 in L.D.) and inserting the following:

3 **'11. Shutdown.** "Shutdown" means a full or partial shutdown of the Federal
4 Government that occurs between February 15, 2019 and December 31, 2019 and that
5 lasts longer than 14 consecutive calendar days.'

6 Amend the bill in section 2 in subchapter 13 in §1100-BB in subsection 2 in the first
7 line (page 3, line 6 in L.D.) by striking out the following: "**Application process**" and
8 inserting the following: "**Process**"

9 Amend the bill in section 2 in subchapter 13 in §1100-BB in subsection 2 in the 2nd
10 line (page 3, line 7 in L.D.) by striking out the following: "apply" and inserting the
11 following: 'submit a request'

12 Amend the bill in section 2 in subchapter 13 in §1100-BB in subsection 2 in the 3rd
13 line (page 3, line 8 in L.D.) by striking out the following: "application" and inserting the
14 following: 'request to participate'

15 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 1 in
16 paragraph B in subparagraph (2) in the first line (page 3, line 31 in L.D.) by striking out
17 the following: "the shutdown" and inserting the following: 'a shutdown'

18 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 1 in
19 paragraph B in subparagraph (4) in division (a) in the first line (page 3, line 37 in L.D.)
20 by striking out the following: "the shutdown" and inserting the following: 'a shutdown'

21 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 1 in
22 paragraph B in subparagraph (4) in division (b) in the first line (page 3, line 38 in L.D.)
23 by striking out the following: "the shutdown" and inserting the following: 'a shutdown'

24 Amend the bill in section 2 in subchapter 13 in §1100-CC by striking out all of
25 subsection 3 (page 4, lines 5 to 8 in L.D.) and inserting the following:

26 **'3. Creditworthiness.** An eligible financial institution may not use an affected
27 employee's creditworthiness as a factor for the purposes of determining eligibility for a
28 loan under this subchapter.'

29 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 4 in the first
30 line (page 4, line 9 in L.D.) by striking out the following: "The" and inserting the
31 following: 'Notwithstanding any other law to the contrary, the'

32 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 5 in the 2nd
33 to last line (page 4, line 30 in L.D.) by striking out the following: "the shutdown" and
34 inserting the following: 'a shutdown'

35 Amend the bill in section 2 in subchapter 13 in §1100-CC in subsection 6 in the last
36 line (page 4, line 37 in L.D.) by inserting after the following: "loans" the following: 'and
37 that loan information may be shared with the authority'

38 Amend the bill in section 2 in subchapter 13 in §1100-DD in subsection 1 in the 2nd
39 line (page 5, line 3 in L.D.) by striking out the following: "210th" and inserting the
40 following: '300th'

1 Amend the bill in section 2 in subchapter 13 in §1100-DD in subsection 2 in the 4th
2 line (page 5, line 14 in L.D.) by striking out the following: "eligible financial institution"
3 and inserting the following: 'authority'

4 Amend the bill in section 2 in subchapter 13 in §1100-DD in subsection 2 in the last
5 line (page 5, line 16 in L.D.) by inserting after the following: "program." the following:
6 'The authority shall distribute the loan guarantee payment to the eligible financial
7 institution.'

8 Amend the bill in section 2 in subchapter 13 in §1100-FF in subsection 1 in the 2nd
9 line (page 6, line 5 in L.D.) by striking out the following: "the shutdown" and inserting
10 the following: 'a shutdown'

11 Amend the bill in section 2 in subchapter 13 in §1100-FF in subsection 1 in the last
12 line (page 6, line 6 in L.D.) by striking out the following: "the shutdown" and inserting
13 the following: 'a shutdown'

14 Amend the bill in section 3 in the 5th line (page 6, line 17 in L.D.) by striking out the
15 following: "February 15, 2019" and inserting the following: '14 days following the
16 effective date of this Act'

17 Amend the bill in section 4 in the 2nd line (page 6, line 21 in L.D.) by inserting after
18 the following: "Affairs" the following: ', after consultation with the Joint Standing
19 Committee on Health Coverage, Insurance and Financial Services,'

20 Amend the bill by striking out all of section 5 and inserting the following:

21 '**Sec. 5. Appropriations and allocations.** The following appropriations and
22 allocations are made.

23 **TREASURER OF STATE, OFFICE OF**

24 **Federal Shutdown Loan Guarantee Program Fund N296**

25 Initiative: Establishes the Federal Shutdown Loan Guarantee Program Fund with a
26 \$250,000 transfer from the unappropriated surplus of the General Fund.

27	OTHER SPECIAL REVENUE	2018-19	2019-20	2020-21
28	FUNDS			
29	All Other	\$250,000	\$500	\$500
30				
31	OTHER SPECIAL REVENUE	\$250,000	\$500	\$500
32	FUNDS TOTAL			
33				

34 **SUMMARY**

35 This amendment:

- 36 1. Amends the definition of "shutdown" to mean a full or partial shutdown of the
37 Federal Government between February 15, 2019 and December 31, 2019 that lasts longer
38 than 14 days;



129th MAINE LEGISLATURE

LD 477

LR 2261(02)

An Act To Provide Relief to Federal Employees Affected by the Federal Shutdown

Fiscal Note for Bill as Amended by Committee Amendment "A" (5-1)
 Committee: Health Coverage, Insurance and Financial Services
 Fiscal Note Required: Yes

Fiscal Note

	FY 2018-19	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)					
General Fund	\$250,000	\$0	\$0	\$0	\$0
Appropriations/Allocations					
Other Special Revenue Funds	\$250,000	\$500	\$500	\$500	\$500
Transfers					
General Fund	(\$250,000)	\$0	\$0	\$0	\$0
Other Special Revenue Funds	\$250,000	\$0	\$0	\$0	\$0

Fiscal Detail and Notes

This bill establishes the Federal Shutdown Loan Guarantee Program Fund (the Fund) within the Office of Treasurer of State. The Fund will be used to guarantee the repayment of up to 10% of the amount of loans made by eligible financial institutions to Maine residents who are federal employees going without pay during any full or partial government shutdown between February 15, 2019 and December 31, 2019 that lasts longer than 14 days. The bill allows loans up to a maximum of the lesser of \$5,000 or an individual's most recent monthly after-tax pay reduced by any unemployment compensation benefits. Individuals are eligible to apply for up to 3 loans under the program. Given that there are approximately 1,200 federal employees residing in Maine and assuming that each receives \$5,000 for each of 3 loans, the maximum potential liability to the State from this bill is \$1,800,000 if every single loan recipient defaulted on their loans. However, the actual loan default rate is expected to be quite small, the average amount of loans will be less than \$5,000 and many may choose not to apply for 3 loans. Accordingly, the bill provides a one-time transfer of \$250,000 in fiscal year 2018-19 from the unappropriated surplus of the General Fund to the Fund and it includes an allocation of \$250,000 to the Office of Treasurer of State to allow expenditures from the Fund. If this amount is not sufficient to cover the State's liability, additional funding will be required. The bill also includes a \$500 Other Special Revenue Funds allocation beginning in fiscal year 2019-20 to expend any remaining funds from the transfer in future years. Administrative costs incurred by the Office of Treasurer of State can be absorbed within existing budgeted resources.

Because this legislation includes a provision that allows the Finance Authority of Maine (FAME) to retain a portion of the funds it recovers from loans in default to pay for its costs to administer the loan guarantee program, FAME will not require a General Fund appropriation. However, this provision will reduce the amount of funds returned to the Federal Shutdown Loan Guarantee Program Fund from the recovery of defaulted loans.

Any additional costs to the Bureau of Financial Institutions within the Department of Professional and Financial Regulation to implement the provisions of this bill are expected to be minor and can be absorbed within existing budgeted resources.