



132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 874

H.P. 560

House of Representatives, March 4, 2025

An Act to Provide Relief to Federal or State Employees Affected by a Federal Government or State Government Shutdown

Reference to the Committee on Health Coverage, Insurance and Financial Services
suggested and ordered printed.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative MATHIESON of Kittery.
Cosponsored by President DAUGHTRY of Cumberland, Senator BAILEY of York and
Representatives: ARFORD of Brunswick, BOYER of Cape Elizabeth, CLOUTIER of
Lewiston, CLUCHEY of Bowdoinham, MASTRACCIO of Sanford, MATLACK of St.
George, MILLIKEN of Blue Hill, Senator: BALDACCI of Penobscot.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §160** is enacted to read:

3 **§160. Government Shutdown Loan Guarantee Program Fund established**

4 The Government Shutdown Loan Guarantee Program Fund is established as a
5 nonlapsing Other Special Revenue Funds account within the Office of the Treasurer of
6 State. All money received by the fund from any source, including any transfers from the
7 General Fund unappropriated surplus, must be credited to the fund. Money credited to the
8 fund must be used to guarantee the repayment of loans made by an eligible financial
9 institution to an eligible affected employee pursuant to Title 10, chapter 110, subchapter
10 15.

11 **Sec. 2. 10 MRSA c. 110, sub-c. 15** is enacted to read:

12 **SUBCHAPTER 15**

13 **GOVERNMENT SHUTDOWN LOAN GUARANTEE PROGRAM**

14 **§1100-HH. Definitions**

15 As used in this subchapter, unless the context otherwise indicates, the following terms
16 have the following meanings.

17 **1. Affected employee.** "Affected employee" means a person employed by the Federal
18 Government or the State Government or any federal or state agency who, during a
19 shutdown, is:

20 A. A resident of the State; and

21 B. Required to work as a federal or state employee without pay or furloughed as a
22 federal or state employee without pay.

23 **2. Bureau.** "Bureau" means the Department of Professional and Financial Regulation,
24 Bureau of Financial Institutions.

25 **3. Credit union.** "Credit union" has the same meaning as "credit union authorized to
26 do business in this State" in Title 9-B, section 131, subsection 12-A.

27 **4. Eligible affected employee.** "Eligible affected employee" means an affected
28 employee who is eligible to receive a loan as determined pursuant to section 1100-JJ,
29 subsection 1.

30 **5. Eligible financial institution.** "Eligible financial institution" means a credit union
31 or financial institution that is in good standing as determined by the bureau pursuant to
32 section 1100-II, subsection 2.

33 **6. Financial institution.** "Financial institution" has the same meaning as "financial
34 institution authorized to do business in this State" in Title 9-B, section 131, subsection
35 17-A.

36 **7. Good standing.** "Good standing," with respect to a credit union or financial
37 institution, means that the credit union or financial institution is insured by the Federal
38 Deposit Insurance Corporation or the National Credit Union Administration.

1 **8. Grace period.** "Grace period" means the period beginning with the disbursement
2 of a loan under this subchapter and ending 90 days after an eligible affected employee
3 receives disbursement of the loan or at the end of the shutdown during which the loan was
4 made, whichever is later.

5 **9. Loan.** "Loan" means an extension of credit made by an eligible financial institution
6 to an eligible affected employee pursuant to this subchapter.

7 **10. Loan guarantee payment.** "Loan guarantee payment" means the amount paid by
8 the Treasurer of State in satisfaction of a claim filed by an eligible financial institution
9 pursuant to section 1100-KK.

10 **11. Program.** "Program" means the Government Shutdown Loan Guarantee Program
11 established in section 1100-II.

12 **12. Shutdown.** "Shutdown" means a full or partial shutdown of the Federal
13 Government or the State Government that lasts longer than 7 consecutive calendar days.
14 Each shutdown is considered a separate shutdown for purposes of the program.

15 **§1100-II. Government Shutdown Loan Guarantee Program established**

16 **1. Establishment; purpose.** The Government Shutdown Loan Guarantee Program is
17 established within and administered by the authority. The authority shall guarantee the
18 repayment of loans made by an eligible financial institution to an eligible affected
19 employee pursuant to section 1100-JJ. The authority shall submit all approved claims
20 pursuant to section 1100-KK to the Treasurer of State, who shall pay from the Government
21 Shutdown Loan Guarantee Program Fund, established in Title 5, section 160, any claims
22 submitted by the authority pursuant to the program.

23 **2. Process for credit unions and financial institutions.** A credit union or financial
24 institution may submit a request to the bureau to participate in the program. Not later than
25 5 business days after receiving the request to participate, the bureau shall determine
26 whether the credit union or financial institution is an eligible financial institution and
27 immediately notify the credit union or financial institution and the authority of that
28 determination. An eligible financial institution may make loans to an eligible affected
29 employee in accordance with section 1100-JJ.

30 **3. Notification of loan and borrower information.** An eligible financial institution
31 that makes a loan to an eligible affected employee pursuant to section 1100-JJ shall notify
32 the authority in writing not later than 5 business days after making the loan, specifying such
33 information about the eligible affected employee borrower as the authority may request.

34 **§1100-JJ. Eligibility of affected employees; loan terms; process**

35 **1. Determination of eligibility of affected employee.** An eligible financial institution
36 may make a loan to an affected employee who meets the following eligibility requirements.

37 A. An affected employee shall provide to the eligible financial institution proof of the
38 affected employee's employment status, income and residence in this State. An affected
39 employee may meet the requirements of this paragraph by providing to the eligible
40 financial institution proof such as a pay stub or bank statement, a federal employee
41 identification card or the federal tax identification number of the affected employee's
42 employer.

1 B. In addition to the proof required in paragraph A, an affected employee shall submit
2 to the eligible financial institution a sworn affidavit from the affected employee stating:

3 (1) That the affected employee is currently a federal or state employee residing in
4 this State;

5 (2) That the affected employee is eligible to receive back pay when a shutdown
6 ends;

7 (3) That the affected employee is not receiving a loan from any other eligible
8 financial institution pursuant to this subchapter; and

9 (4) The amount per week of unemployment compensation benefits pursuant to
10 Title 26, chapter 13:

11 (a) Received by the affected employee, if any, during a shutdown; and

12 (b) The affected employee is eligible to receive, if any, during a shutdown.

13 **2. Determination of loan amount.** The maximum amount of a loan is the lesser of
14 \$6,000 and the affected employee's most recent monthly after-tax pay, offset by any
15 unemployment benefits, as determined pursuant to this subsection.

16 A. Offsetting unemployment benefits are determined by multiplying by 4 the greater
17 of the amount per week of unemployment benefits pursuant to Title 26, chapter 13, as
18 reported pursuant to subsection 1, paragraph B, subparagraph (4):

19 (1) Actually received by the affected employee during the shutdown; and

20 (2) The affected employee is eligible to receive during the shutdown.

21 B. The amount of offsetting unemployment benefits, if any, as determined pursuant to
22 paragraph A is subtracted from the lesser of \$6,000 and the affected employee's most
23 recent monthly after-tax pay.

24 C. The amount of the loan is the lesser of \$6,000 and the amount determined following
25 the calculation in paragraph B.

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 loan
28 under this subchapter.

29 **4. Terms of loan agreement.** Notwithstanding any provision of law to the contrary,
30 the following terms apply to a loan issued pursuant to this subchapter.

31 A. A loan agreement may not:

32 (1) Require repayment during the grace period;

33 (2) Charge interest on the principal amount before or during the grace period or
34 for 180 days after the grace period; or

35 (3) Contain a fee or penalty for the prepayment or early payment of the loan.

36 B. The loan agreement must require that the affected employee repay the loan in full
37 not later than 180 days after the end of the grace period and permit repayment to be
38 made in installments. An affected employee who chooses to repay the loan in
39 installments must be allowed to make at least 3 and no more than 6 equal installment
40 payments.

1 C. After 180 days have elapsed following the grace period, the eligible financial
2 institution may charge interest or fees in accordance with the eligible financial
3 institution's lending policy and the terms of the loan agreement.

4 **5. Multiple loans to same eligible affected employee during same shutdown.** An
5 eligible affected employee who has received a loan pursuant to this section may apply to
6 the same eligible financial institution for an additional loan for each 30-day period beyond
7 the first that the affected employee remains an eligible affected employee, except that an
8 eligible affected employee may not receive more than 3 loans under the program during a
9 shutdown. An eligible affected employee who applies for an additional loan shall provide
10 the eligible financial institution with updated information as required under subsection 1,
11 including the amount of unemployment compensation benefits the affected employee has
12 been determined eligible to receive or has received during the shutdown. Each additional
13 loan must be made in accordance with this section.

14 **6. Treatment of deferred interest.** Notwithstanding any provision of Title 36, Part
15 8 to the contrary, any interest deferred or not charged related to a loan issued pursuant to
16 this section is exempt from all state taxes that may be applicable to such interest amounts
17 as they relate to an affected employee. An eligible financial institution shall disclose to
18 eligible affected employee borrowers in the signed affidavit or loan documents that there
19 may be federal tax consequences to the program loans and that loan information may be
20 shared with the authority.

21 **§1100-KK. Loan guarantee**

22 **1. Claims.** No sooner than the 180th day following the end of the grace period and no
23 later than the 300th day following the end of the grace period, an eligible financial
24 institution that has made a good faith effort to collect the outstanding principal of a loan
25 issued pursuant to section 1100-JJ and has been unsuccessful may make a claim to the
26 authority for recovery of an amount equal to the outstanding principal of that loan.

27 An eligible financial institution shall demonstrate to the satisfaction of the authority that
28 the eligible financial institution has made a good faith effort to collect the outstanding
29 principal from the eligible affected employee in accordance with the eligible financial
30 institution's loan servicing and collection policies and has been unsuccessful.

31 **2. Loan guarantee payment.** The authority, upon receipt of a properly documented
32 claim submitted by an eligible financial institution pursuant to subsection 1, shall submit
33 the claim immediately to the Treasurer of State for payment. The Treasurer of State
34 immediately shall pay to the authority from the Government Shutdown Loan Guarantee
35 Program Fund, established in Title 5, section 160, any claims submitted by the authority
36 pursuant to the program. The authority shall distribute the loan guarantee payment to the
37 eligible financial institution.

38 **3. Effect of payment of claim.** After payment of a loan guarantee payment to an
39 eligible financial institution pursuant to subsection 2:

40 A. The loan must be assigned by the eligible financial institution to the authority on
41 behalf of the State; and

42 B. The duty of the authority to continue collection efforts on the loan pursuant to
43 section 1100-LL, subsection 4 applies.

44 **§1100-LL. Duties and powers of authority**

1 **1. Maintenance and review of records.** The authority shall maintain records in the
2 regular course of administration of the program, including a record of loans issued pursuant
3 to section 1100-JJ and loan guarantee payments issued pursuant to section 1100-KK,
4 subsection 2 to honor claims on defaulted loans. The authority shall regularly review these
5 records to monitor all the loans issued and identify duplicate applications.

6 **2. Termination of loan recovery guarantee based on misrepresentation or failure**
7 **to comply by eligible financial institution.** The authority may terminate any agreement
8 to pay the claim of an eligible financial institution pursuant to section 1100-KK if the
9 eligible financial institution misrepresents any information pertaining to the loan or fails to
10 comply with any requirements of this section or section 1100-KK in connection with the
11 claim for the loan.

12 **3. Termination of loan recovery guarantee based on excess claims.** If the amount
13 expended for loan guarantee payments under section 1100-KK equals or exceeds 10% of
14 the total of all loans issued, the authority shall immediately cease to approve claims and
15 shall notify the Treasurer of State and each eligible financial institution of the total amount
16 of loan guarantee payments made and that the authority has ceased honoring loan claims.

17 **4. Recovery of defaulted loans.** The authority, on its own or by contracting with a
18 private entity, shall make reasonable efforts to recover the amount of loan guarantee
19 payments made pursuant to section 1100-KK, subsection 2. Any funds recovered pursuant
20 to this subsection, less reasonable administrative costs, must be deposited in the
21 Government Shutdown Loan Guarantee Program Fund established in Title 5, section 160.

22 **§1100-MM. New loans prohibited after shutdown**

23 An affected employee may not apply for a loan under the program after a shutdown
24 ends. A financial institution may not approve a loan under the program after a shutdown
25 ends.

26 **§1100-NN. Review of funding needs**

27 The joint standing committee of the Legislature having jurisdiction over appropriations
28 and financial affairs, in consultation with the joint standing committee of the Legislature
29 having jurisdiction over financial services matters, may report out legislation to address
30 any funding needs of the program.

31 **Sec. 3. Transfer.** Notwithstanding any provision of law to the contrary, the State
32 Controller shall transfer \$250,000 from the General Fund unappropriated surplus to the
33 Government Shutdown Loan Guarantee Program Fund, established within the Office of the
34 Treasurer of State pursuant to the Maine Revised Statutes, Title 5, section 160, no later
35 than 14 days following the effective date of this Act to be used to guarantee the repayment
36 of loans made by an eligible financial institution to an eligible affected employee pursuant
37 to Title 10, chapter 110, subchapter 15.

38 **Sec. 4. Additional transfer and allocation.** The Joint Standing Committee on
39 Appropriations and Financial Affairs, after consultation with the Joint Standing Committee
40 on Health Coverage, Insurance and Financial Services, may report out legislation to the
41 Second Regular Session of the 132nd Legislature to address any funding needs of the
42 Government Shutdown Loan Guarantee Program established in the Maine Revised
43 Statutes, Title 10, chapter 110, subchapter 15.

Sec. 5. Appropriations and allocations. The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Government Shutdown Loan Guarantee Program Fund N296

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

OTHER SPECIAL REVENUE FUNDS	2025-26	2026-27
All Other	\$250,000	\$0
OTHER SPECIAL REVENUE FUNDS TOTAL	\$250,000	\$0

SUMMARY

This bill establishes the Government Shutdown Loan Guarantee Program. The program, administered by the Finance Authority of Maine, or FAME, provides access to no-interest loans for certain federal employees in Maine or State Government employees affected by a partial or full shutdown of the Federal Government or the State Government that lasts for longer than 7 consecutive days by guaranteeing up to 10% of the loans eligible credit unions and financial institutions make to affected employees.

Under the bill, affected employees are eligible for up to 3 loans during a shutdown, each equal to their monthly after-tax pay, less unemployment benefits, up to a maximum of \$6,000. Eligibility must be proven by the employee based on certain requirements. The creditworthiness of an employee may not be used as a factor to determine eligibility for the program.

An eligible financial institution that makes a loan pursuant to the program is prohibited from requiring repayment of the loan during the grace period, which is the time during the shutdown or 90 days after the disbursement of the loan, whichever is later, and from imposing interest on the loan for 180 days following the grace period. Following the end of the 180 days, an institution that made a loan under the program, after a good faith effort to collect the principal amount of the loan, may apply to FAME for repayment of the uncollected amount of the loan in default. The Treasurer of State is required to transfer funds for the payment of the uncollected amount to FAME, which is required to make the payment to the eligible financial institution. FAME is required to make reasonable efforts to recoup the amount of any payments made to eligible financial institutions from the employee who defaulted on the loan.

Finally, the bill gives the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs, in consultation with the joint standing committee of the Legislature having jurisdiction over financial services matters, authority to report out legislation to address any funding needs of the program.