



129th MAINE LEGISLATURE

LD 477

LR 2261(01)

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

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Pres. Jackson of Aroostook

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

	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	\$0	\$0	\$0	\$0
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 the federal fiscal year 2019 partial government shutdown that began on December 22, 2018. 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 a one-time 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. 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.