

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-SIX

—
H.P. 1417 - L.D. 2102

**An Act to Clarify and Strengthen the Government Shutdown Loan
Guarantee Program**

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation needs to take effect before the expiration of the 90-day period in order to provide protection as soon as possible to employees who are not being paid during a government shutdown; and

Whereas, this protection for these employees is necessary to prevent missed rent and mortgage payments, food insecurity and the loss of health care coverage; and

Whereas, agencies responsible for administering the Government Shutdown Loan Guarantee Program need immediate authority to adjust staffing and communicate with participating credit unions and financial institutions in order to prevent confusion and inefficiency; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 10 MRSA §1100-JJ, sub-§1, ¶C is enacted to read:

C. The eligibility of an affected employee is not dependent on:

- (1) The affected employee applying for unemployment compensation benefits;
- (2) A credit check;
- (3) The membership of the affected employee at a credit union or the status of the affected employee as a customer of a financial institution to which the affected employee is applying for a loan; or
- (4) The ability of the affected employee to appear in person, as long as the affected employee can prove that the affected employee is a resident of this State and a

member of the Armed Forces of the United States or National Guard who is stationed outside of this State.

Sec. 2. 10 MRSA §1100-JJ, sub-§2, as enacted by PL 2025, c. 494, §2, is amended to read:

2. Determination of loan amount. ~~The~~ Unless an origination fee is included by an eligible financial institution and added to the loan amount in accordance with subsection 4, paragraph D, the maximum amount of a loan is the lesser of \$6,000 and the affected employee's most recent monthly after-tax pay, offset by any unemployment benefits, as determined pursuant to this subsection.

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

- (1) Actually received by the affected employee during the shutdown; and
- (2) The affected employee is eligible to receive during the shutdown.

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

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

Sec. 3. 10 MRSA §1100-JJ, sub-§4, ¶D is enacted to read:

D. A loan agreement may contain an origination fee not to exceed the lesser of \$60 and 1% of the loan amount and, if an origination fee is included, the eligible financial institution shall add the origination fee to the loan amount.

Sec. 4. 10 MRSA §1100-LL, sub-§3, as enacted by PL 2025, c. 494, §2, is amended to read:

3. Termination of loan recovery guarantee based on excess claims. If the amount expended for loan guarantee payments under section 1100-KK equals or exceeds ~~40%~~ 50% of the total of all loans issued, the authority shall immediately cease to approve claims and shall notify the Treasurer of State and each eligible financial institution of the total amount of loan guarantee payments made and that the authority has ceased honoring loan claims.

Sec. 5. 10 MRSA §1100-LL, sub-§5 is enacted to read:

5. Notification of funding needs. If the total amount of funds expended for loan guarantee payments under section 1100-KK equals or exceeds \$200,000, the authority shall immediately notify the Treasurer of State, the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over financial services matters.

Sec. 6. 10 MRSA §1100-NN, first ¶, as enacted by PL 2025, c. 494, §2, is amended to read:

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, ~~may~~ shall report out legislation to

address any funding needs of the program after receipt of notification from the authority pursuant to section 1100-LL, subsection 5.

Sec. 7. Transfer. Notwithstanding any provision of law to the contrary, the State Controller shall transfer \$250,000 from the Department of Professional and Financial Regulation, Bureau of Financial Institutions, Other Special Revenue Funds account to the Government Shutdown Loan Guarantee Program Fund, established within the Office of the Treasurer of State pursuant to the Maine Revised Statutes, Title 5, section 160, no later than 14 days following the effective date of this Act to be used to guarantee the repayment of loans made by an eligible financial institution to an eligible affected employee pursuant to Title 10, chapter 110, subchapter 15.

Sec. 8. Appropriations and allocations. The following appropriations and allocations are made.

TREASURER OF STATE, OFFICE OF

Government Shutdown Loan Guarantee Program Fund Z433

Initiative: Provides one-time allocation of \$250,000 to the Government Shutdown Loan Guarantee Program Fund to assist with guaranteeing repayment of a portion of loans made by eligible financial institutions and credit unions to federal or state employees affected by government shutdowns.

| OTHER SPECIAL REVENUE FUNDS | 2025-26 | 2026-27 |
|--|------------------|----------------|
| All Other | \$250,000 | \$0 |
| OTHER SPECIAL REVENUE FUNDS TOTAL | <u>\$250,000</u> | <u>\$0</u> |

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.