



# Maine Credit Union League

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In Support Of

***LD 874: An Act to Provide Relief to Federal or State Employees Affected by a Federal Government or State Government Shutdown***

Committee on Health Coverage, Insurance and Financial Services

*April 8, 2025*

Good Afternoon, Senator Bailey, Representative Mathieson, and distinguished members of the Committee on Health Coverage, Insurance and Financial Services,

My name is Krista Simonis and I am the Director of Governmental Affairs at the Maine Credit Union League. The Maine Credit Union League is the trade association for Maine's 48 credit unions and over 750,000 members statewide. We respectfully submit the following testimony **in support of LD 874**.

The League appreciates the leadership and outreach by Maine AFL-CIO while crafting the draft legislation before the committee. This is not the first time this proposal has been brought to the Legislature and we are glad to be a resource for the committee as you deliberate.

As a part of our research, we asked a small diverse group of Maine's credit unions their viewpoints on the draft legislation. As a whole, credit unions support the underlying concept. However, some credit unions report they are already offering loans and assistance when shutdowns occur, despite the high administrative costs associated with this type of loan. Other credit unions expressed interest in launching similar loans if the need was present in their community.

There was a concern over whether the 10% guarantee in the bill would be enough to cover potential losses, especially given the requirement to lend without regard to credit risk. Credit unions will be authorizing the loans prior to the 10% loan guarantee being completely used, potentially leaving credit unions holding uncovered loans. Additionally, there are several technical questions that would need to be answered should the Legislature decide to authorize and fund this program, namely around interest accrual and charge-off dates that conflict with existing federal regulation. Input from the Bureau of Financial Institutions and a model similar to the Paycheck Protection Program loans would be helpful if the committee moves forward.

As the committee knows, credit unions are financial cooperatives; which means that credit union members own the credit union. This is why credit unions are dedicated to helping their members weather hard times, be it from a government shutdown or personal tragedy. Credit unions will continue lending to those in need and we appreciate the intent of this program to expand our ability to do so.

We look forward to continuing discussions to work through some of the details should the committee decide to move forward. LD 874 represents incredible care and compassion for government employees during a federal or state shutdown. In times of great uncertainty, credit unions strive to be a stabilizing force for their members, and we appreciate the desire to provide resources to help credit unions continue that work. We thank the committee for carefully considering LD 874.