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Testimony on behalf of Maine Equal Justice in *Opposition* to LD 2056, An Act to Provide Additional Financing Options to Consumers in the State

February 3, 2026

Senator Bailey, Representative Mathieson, and members of the Committee on Health Coverage, Insurance and Financial Services. My name is Andrea Steward and I am a policy advocate at Maine Equal Justice. We are a civil legal services organization, and we work with Maine people to increase economic security, opportunity, and equity for people in Maine.

Thank you for the opportunity to provide testimony in opposition to LD 2056.

What This Bill Does

While it establishes a new financing option in Maine, it does so by repealing critical protections enshrined in Maine law to protect consumers.

- Repeals Maine's current "balloon payment" law which has existed in statute since 1981 to protect consumers from payment shock.
 - Maine law states that scheduled payments of principal and interest to creditors or contact must be reasonably equal and not substantially increase over the course of a loan.

Why Maine Equal Justice Opposes LD 2056

Changing Maine's existing law is in direct conflict with the long standing norm of assessing someone's "ability to pay" when applying for a loan. The increased risk is shouldered by the consumer with a higher chance to default, have the vehicle repossessed, and delays their own accrual of equity in their asset. It is far more likely that the individual will end up upside down in their loan once the artificially reduced starting payment is increased than be helped by this product.

Conclusion



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With the uncertainty of the Consumer Financial Protection Bureau, which has essentially shuttered at this time. It is dependent on us to protect Mainers.

At Maine Equal justice we understand that consumers with low or no credit need to have access to more financing options. The industry should identify how to support individuals in the state without repealing a time tested statute and leaving Maine Citizens with payment shock, potential credit damage, and lost assets.

For these reasons, Maine Equal Justice strongly urges you to vote ought not to pass on LD 2056.