



Maine Credit Union League

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In Support of
LD 97 An Act to Facilitate the Improvement of Credit Scores of Residents of Department of Corrections Facilities

Committee on Criminal Justice and Public Safety
January 27, 2025

Good Afternoon, Senator Beebe-Center, Representative Hasenfus, and distinguished members of the Committee on Criminal Justice and Public Safety,

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 favor of LD 97.**

Credit unions are dedicated to serving the underserved and giving back to their communities. That includes residents of correctional facilities who may be forgotten by the rest of society. It is our belief that helping residents build their credit history is good not just for the residents, but for credit unions and the community as a whole.

A good credit report is a foundational requirement for success. Landlords and potential employers often pull credit prior to approving applications. Car loans require established credit, and a better score leads to more affordable payments. Identity, housing, employment, and transportation. Each of these is a prerequisite for being able to return to society and not another correctional facility.

LD 97 came after one of our credit unions, Midcoast Federal Credit Union, started a program to offer credit builder loans to residents of Bolduc Correctional Facility. This bill would help simplify that program and avoid residents having to pay restitution on the loan amount. The IRS does not consider loans income, and we would ask the committee provide this exemption so that residents are not having to pay restitution twice on the same money.

Residents are only eligible for these loans if they have guaranteed income from a work-release program, social security, or veterans benefits, and even in the current system, residents are choosing to pursue these credit builder loans. Recognizing the benefit of establishing good credit, some individuals have had subsequent credit builder loans as a way to establish longer term credit history.

Establishing better credit means that upon release individuals can secure better housing and transportation. 84% of lower-middle income non-car owners turn down a job opportunity due to lack of car ownership¹. With better access to employment opportunities, individuals can afford to pay more in restitution and legal fees. Establishing a relationship with the credit

¹ Roadblocks to Reentry: Reducing Barriers to Car Ownership

union prior to release also means that residents have access to financial education and a solid relationship with a financial institution to build upon.

LD 97 simplifies the implementation of an existing program, reducing barriers to entry and facilitating improved outcomes for residents of correctional facilities and the community. We urge the committee vote Ought to Pass on LD 97.