



STATE OF MAINE  
**OFFICE OF THE STATE TREASURER**

39 State House Station, Augusta, ME 04333-0039

[www.maine.gov/treasurer](http://www.maine.gov/treasurer)

**HENRY E.M. BECK, ESQ**  
State Treasurer

**MATTHEW COLPITTS**

Deputy State Treasurer

February 5, 2019

Joint Standing Committee on  
Health Coverage, Insurance and  
Financial Services  
c/o Legislative Information Office  
100 State House Station  
Augusta, ME 04333

**RE: Testimony in support of L.D. 477, *An Act To Provide Relief to Federal Employees Affected by the Federal Shutdown***

Senator Sanborn, Representative Tepler and Honorable Committee Members:

I am pleased to submit this testimony in support of L.D. 477, An Act To Provide Relief to Federal Employees Affected by the Federal Shutdown.

The purpose of my testimony is to assure the Committee that OST is capable and willing to effectuate portions of the LD, specifically M.R.S. 10 §1100-DD, direct payment of outstanding principal. However, I strongly urge the Committee to amend the bill so that guaranty funds are paid to FAME, not directly to lenders. FAME, not OST, will be interfacing with lenders and is best positioned to verify the existence of loans, default status, and hold personal identifying information. The duty to send to payment as amended can be done using existing resources and will likely be handled by an employee classified as Office Specialist II. As drafted, LD 477 could require OST to undergo rulemaking which could delay deployment of loans to affected workers. There are other issues to consider:

**FAME's purpose:** You may sense that loans of the nature as laid out in L.D. 477 are not typical FAME loans. By law, I am a voting member of FAME. I cannot speak for FAME as an entity but I do see this is an appropriate use of FAME resources under Title 10.

**Lapsing fund:** As drafted, the fund for the guaranty is held in a non-lapsing account. The Committee could consider a timeline to allocate remaining funds to the general fund.

**Tax reporting:** In the event, as happens from time to time, any amount due to a lender or FAME is simply not collectible, there may be tax consequences for a borrower if the debt is forgiven. Some entity, whether the lender or FAME, should report this event to revenue services.

Thank you for your time and consideration. Please let me know if you have any questions or if I can be of assistance.

Sincerely,

A handwritten signature in cursive script that reads "Henry E.M. Beck".

Henry E.M. Beck, Esq.