



General Assembly

Amendment

January Session, 2019

LCO No. 3315



Offered by:

REP. FISHBEIN, 90th Dist.
REP. FRANCE, 42nd Dist.
REP. MASTROFRANCESCO, 80th Dist.
REP. FUSCO, 81st Dist.
REP. DAUPHINAIS, 44th Dist.
REP. WILSON, 66th Dist.
SEN. SAMPSON, 16th Dist.

REP. ACKERT, 8th Dist.
REP. DUBITSKY, 47th Dist.
REP. HAYES, 51st Dist.
REP. VAIL, 52nd Dist.
REP. PISCOPO, 76th Dist.
REP. PAVALOCK-D'AMATO,
77th Dist.

To: House Bill No. 5765

File No.

Cal. No.

"AN ACT ESTABLISHING THE FEDERAL SHUTDOWN AFFECTED EMPLOYEES LOAN PROGRAM AND PROVIDING ADDITIONAL ASSISTANCE TO FEDERAL EMPLOYEES."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (*Effective from passage*) As used in this section and sections
4 2 to 7, inclusive, of this act:

5 (1) "Affected employee" means a federal employee who, during the
6 shutdown, is (A) a resident of this state, and (B) required to work as a
7 federal employee without pay or furloughed as a federal employee
8 without pay;

9 (2) "Bank" means a bank or an out-of-state bank, each as defined in
10 section 36a-2 of the general statutes;

11 (3) "Credit union" means a Connecticut credit union or a federal
12 credit union, each as defined in section 36a-2 of the general statutes;

13 (4) "Department" means the Department of Banking;

14 (5) "Eligible financial institution" means a bank or credit union that
15 has a physical presence in this state and is in good standing;

16 (6) "Good standing", with respect to a bank or credit union, means
17 that the bank or credit union is not subject to (A) a formal agreement
18 with the Office of the Comptroller of the Currency, (B) a consent order
19 or cease and desist order issued by the Federal Deposit Insurance
20 Corporation, (C) a consent order or cease and desist order with the
21 department, (D) a letter of understanding and agreement or consent
22 order issued by the National Credit Union Administration, or (E) a
23 finding by the department that the bank or credit union has failed to
24 comply with a provision of sections 2 to 5, inclusive, of this act;

25 (7) "Grace period" means the sixty-day period after an affected
26 employee's federal agency is funded; and

27 (8) "Shutdown" means the federal fiscal year 2019 partial
28 government shutdown that began on December 22, 2018.

29 Sec. 2. (*Effective from passage*) Any bank or credit union may apply to
30 the department to participate in the federal shutdown affected
31 employee loan program. Not later than one business day after
32 receiving the application, the department shall determine whether the
33 financial institution is an eligible financial institution and immediately
34 notify the bank or credit union of such determination. Any eligible
35 financial institution may make loans to affected employees in
36 accordance with sections 1 to 5, inclusive, of this act.

37 Sec. 3. (*Effective from passage*) An eligible financial institution may
38 make a loan to an affected employee, provided:

39 (1) The affected employee has provided to the financial institution
40 (A) proof of the employee's status, income and residence in this state,
41 and (B) the amount of unemployment compensation benefits under
42 chapter 567 of the general statutes the employee has received and has
43 been deemed eligible to receive during the shutdown. Such proof may
44 include a paystub or bank statement, a federal employee identification
45 card, the federal tax identification number of the employee's employer
46 and a sworn affidavit from such employee indicating that such
47 employee (i) is currently a federal employee residing in this state, (ii)
48 may be eligible to receive back-pay when the shutdown ends, and (iii)
49 is not receiving a loan from any other financial institution pursuant to
50 this section.

51 (2) The loan is made in accordance with the eligible financial
52 institution's underwriting policy and standards, provided further that
53 the affected employee's creditworthiness shall not be a factor used for
54 the purposes of determining eligibility.

55 (3) The loan agreement shall not (A) require repayment during the
56 grace period, or (B) charge interest on the principal amount before the
57 grace period ends, provided, after such grace period ends, the eligible
58 financial institution may charge interest or fees in accordance with the
59 financial institution's lending policy and the terms of the underlying
60 loan agreement.

61 (4) The loan agreement shall require that the affected employee
62 repay the loan in full before the grace period ends. The loan agreement
63 shall not contain a fee or penalty for the prepayment or early payment
64 of the loan. Any loan that is in default or not paid in full before the
65 grace period ends shall be subject to the terms of the underlying loan
66 agreement.

67 Sec. 4. (*Effective from passage*) An affected employee who has
68 received a loan pursuant to section 2 or 3 of this act may apply to the
69 same eligible financial institution or any other eligible financial
70 institution for an additional loan for each thirty-day period such

71 employee remains an affected employee, provided no affected
72 employee may receive more than three loans under the program, and
73 each such employee shall be required to update the institution as to the
74 amount of unemployment compensation benefits under chapter 567 of
75 the general statutes the employee has received and has been deemed
76 eligible to receive during the shutdown. Each additional loan shall be
77 made in accordance with section 3 of this act.

78 Sec. 5. (*Effective from passage*) (a) Any interest deferred or not
79 charged related to a loan issued pursuant to this section and sections 1
80 to 4, inclusive, of this act shall be exempt from all state taxes that may
81 be applicable to such interest amounts as they relate to an affected
82 employee. Eligible financial institutions shall disclose to affected
83 employee borrowers in the signed affidavit or loan documents that
84 there may be federal tax consequences to the program loans.

85 (b) No new loan applications shall be submitted under the program
86 after the shutdown ends.

87 Sec. 6. (*Effective from passage*) Upon the passage of federal legislation
88 or the issuance of federal guidance from the United States Department
89 of Labor or another federal agency which allows an affected employee
90 to receive benefits under chapter 567 of the general statutes, such
91 affected employee may be eligible for unemployment benefits
92 pursuant to said chapter and such federal legislation or guidance
93 during the period of the shutdown. If the shutdown ends and an
94 affected employee is paid by the federal government for any period of
95 time the affected employee worked without pay during the shutdown,
96 the affected employee shall, not later than sixty days after receiving
97 such payment, reimburse the Unemployment Compensation Benefit
98 Fund in an amount equal to the unemployment benefits the affected
99 employee received for the period of the shutdown.

100 Sec. 7. (*Effective from passage*) (a) Notwithstanding the provisions of
101 the general statutes or of any special act, charter, special act charter,
102 home-rule ordinance, local ordinance or other local law, any

103 municipality, as defined in section 7-148 of the general statutes, or any
104 subdivision of a municipality, may, by a vote of its legislative body, or,
105 in any town in which the legislative body is a town meeting, by a vote
106 of the board of selectmen, establish a deferment program to defer the
107 due date of taxes on real property, personal property or motor
108 vehicles, or water or sewer rates, charges or assessments, owed by
109 affected employees.

110 (b) Upon establishment of a deferment program, a municipality or
111 subdivision thereof shall not charge or collect interest on any tax, rate,
112 charge or assessment or part thereof that is payable by an affected
113 employee and which became due during the period when such
114 individual was an affected employee.

115 (c) Eligibility shall be determined by the municipality. Evidence of
116 eligibility for a deferment may include the proof listed in subdivision
117 (1) of section 3 of this act. Individuals need not receive unemployment
118 benefits or participate in the federal shutdown affected employee loan
119 program for purposes of being an affected employee. Municipalities
120 may require individuals to recertify eligibility on a periodic basis of
121 not less than thirty days.

122 (d) Each tax, rate, charge or assessment deferred under a program
123 established pursuant to this section shall be due and payable without
124 interest or penalty not later than sixty days after the date on which an
125 individual is no longer an affected employee. Thereafter, any portion
126 of the tax, rate, charge or assessment or installment or portion thereof
127 which remains unpaid and all interest and penalties otherwise
128 provided by law shall apply retroactively to the original due date for
129 the tax, rate, charge or assessment or installment or portion thereof. All
130 provisions of the general statutes relating to continuing, recording and
131 releasing property tax liens and the precedence and enforcement of
132 taxes, rates, charges and assessments shall remain applicable to any
133 deferred tax, rate, charge or assessment or installment or portion
134 thereof.

135 (e) Nothing in this section shall affect interest or penalties on, or lien
136 rights or collection of, any tax, rate, charge or assessment due before
137 December 22, 2018, or after the date on which an individual is no
138 longer an affected employee."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section