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

"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 following in lieu thereof:

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

(1) "Affected employee" means a federal employee who, during the shutdown, is (A) a resident of this state, and (B) required to work as a federal employee without pay or furloughed as a federal employee without pay;"
(2) "Bank" means a bank or an out-of-state bank, each as defined in section 36a-2 of the general statutes;

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

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

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

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

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

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

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

Sec. 3. (Effective from passage) An eligible financial institution may make a loan to an affected employee, provided:
(1) The affected employee has provided to the financial institution (A) proof of the employee's status, income and residence in this state, and (B) the amount of unemployment compensation benefits under chapter 567 of the general statutes the employee has received and has been deemed eligible to receive during the shutdown. Such proof may include a paystub or bank statement, a federal employee identification card, the federal tax identification number of the employee's employer and a sworn affidavit from such employee indicating that such employee (i) is currently a federal employee residing in this state, (ii) may be eligible to receive back-pay when the shutdown ends, and (iii) is not receiving a loan from any other financial institution pursuant to this section.

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

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

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

Sec. 4. (Effective from passage) An affected employee who has received a loan pursuant to section 2 or 3 of this act may apply to the same eligible financial institution or any other eligible financial institution for an additional loan for each thirty-day period such
employee remains an affected employee, provided no affected employee may receive more than three loans under the program, and each such employee shall be required to update the institution as to the amount of unemployment compensation benefits under chapter 567 of the general statutes the employee has received and has been deemed eligible to receive during the shutdown. Each additional loan shall be made in accordance with section 3 of this act.

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

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

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

Sec. 7. (Effective from passage) (a) Notwithstanding the provisions of the general statutes or of any special act, charter, special act charter, home-rule ordinance, local ordinance or other local law, any
municipality, as defined in section 7-148 of the general statutes, or any
subdivision of a municipality, may, by a vote of its legislative body, or,
in any town in which the legislative body is a town meeting, by a vote
of the board of selectmen, establish a deferment program to defer the
due date of taxes on real property, personal property or motor
vehicles, or water or sewer rates, charges or assessments, owed by
affected employees.

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

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

(d) Each tax, rate, charge or assessment deferred under a program
established pursuant to this section shall be due and payable without
interest or penalty not later than sixty days after the date on which an
individual is no longer an affected employee. Thereafter, any portion
of the tax, rate, charge or assessment or installment or portion thereof
which remains unpaid and all interest and penalties otherwise
provided by law shall apply retroactively to the original due date for
the tax, rate, charge or assessment or installment or portion thereof. All
provisions of the general statutes relating to continuing, recording and
releasing property tax liens and the precedence and enforcement of
taxes, rates, charges and assessments shall remain applicable to any
defered tax, rate, charge or assessment or installment or portion
thereof.
(e) Nothing in this section shall affect interest or penalties on, or lien rights or collection of, any tax, rate, charge or assessment due before December 22, 2018, or after the date on which an individual is no longer an affected employee."

This act shall take effect as follows and shall amend the following sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>from passage</th>
<th>New section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sec. 1</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 2</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 3</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 4</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 5</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 6</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 7</td>
<td>from passage</td>
<td>New section</td>
</tr>
</tbody>
</table>