



January 21, 2026

**Testimony to the 132nd Maine Legislature
Committee on State and Local Government**

Greetings, Senator Baldacci, Representative Salisbury, and honorable members of the Committee. My name is Josh Steirman and I am Director of Government Relations with the Maine Bankers Association. We are testifying in opposition to L.D. 2009, *An Act to Allow Political Subdivisions to Enter into Federal Bankruptcy Proceedings*.

The Maine Bankers Association is the trade association representing 34 retail banks across Maine, with over 9,000 employees in virtually every community state-wide. Last year, our banks provided over \$2.5 billion in residential real estate loans, and over \$3.2 billion in small business loans. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

We are concerned that L.D. 2009 would increase financial challenges for municipalities across Maine over the long term. The bill proposes a simpler path to municipal bankruptcy, which significantly increases the level of risk for financial institutions lending to towns and counties. Bankruptcy not only addresses existing financial situations, but it has profound impact on an entity's creditworthiness going forward. It is appropriate that the path to bankruptcy be relatively challenging. Simply, limited access to financial services will increase financial hardship for municipalities.

It is important to emphasize that banks themselves do not have direct financial stakes in this matter. Financial obligations such as bonds and notes due to Maine banks are unlikely to be impacted by any proposal contemplated here today. However, Maine banks have worked with local municipalities for generations, so we are uniquely positioned to understand their financial challenges as well as the possibilities for creating strong foundations. From this deep experience, banks know that the financial health of municipalities will only be harmed by speedier access to bankruptcy.

Thank you for your consideration. We urge the committee to oppose L.D. 2009. We are also happy to answer any additional questions at the work session.

Respectfully Submitted,

Joshua Steirman
Director of Government Relations