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**Testimony of the Maine Municipal Association**

**In Opposition to**

**LD 2009 – An Act to Allow a Political Subdivision to Enter into Federal Bankruptcy Proceedings**

**January 21, 2026**

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Senator Baldacci, Representative Salisbury and members of the State and Local Government Committee, my name is Rebecca Lambert, and I am testifying in opposition to LD 2009 on behalf of the Maine Municipal Association's (MMA) elected 70-member Legislative Policy Committee (LPC). MMA is a nonpartisan, nonprofit member service organization and aims to help provide policy solutions that work for all residents in Maine. The LPC guides the advocacy efforts and establishes positions on bills of municipal interest.

Entering bankruptcy proceedings is not a financial tool but a last-resort mechanism that carries serious and lasting consequences. Authorizing counties and municipalities to use it would signal financial instability, weaken confidence in Maine's local governments and potentially raise borrowing costs statewide, which would affect even the most well-managed communities.

From the LPC's point of view, bankruptcy would shift the cost of fiscal mismanagement onto residents through ways that include reduced services and delayed infrastructure investments. It also invites federal court involvement into decisions traditionally under local and state control.

Rather than allowing political subdivisions to enter bankruptcy proceedings, the LPC would encourage the Legislature to reinforce tools that would help counties and municipalities correct the course before circumstances reach a crisis level. From the municipal perspective, LD 2009 undermines the long-term stability of local government.

Thank you for your time and for considering the LPC's perspective on this issue.



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