

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2026

Legislative Document

No. 2009

S.P. 828

In Senate, December 5, 2025

An Act to Allow a Political Subdivision to Enter into Federal Bankruptcy Proceedings

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 3, 2025. Referred to the Committee on State and Local Government pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in dark ink, appearing to read "D M Grant", is positioned above the printed name of the Secretary of the Senate.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator MOORE of Washington.

Cosponsored by Representatives: FAULKINGHAM of Winter Harbor, MCINTYRE of Lowell, TUELL of East Machias, UNDERWOOD of Presque Isle.

1 **Emergency preamble.** Whereas, acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** counties and municipalities are in increasingly difficult financial
4 circumstances due to factors including rapidly rising property valuations and a sharp
5 increase in the cost of living; and

6 **Whereas,** it is necessary for this legislation to take effect before the expiration of the
7 90-day period in order to provide counties and municipalities with an additional means of
8 managing financial obligations as soon as possible; and

9 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
10 the meaning of the Constitution of Maine and require the following legislation as
11 immediately necessary for the preservation of the public peace, health and safety; now,
12 therefore,

13 **Be it enacted by the People of the State of Maine as follows:**

14 **Sec. 1. 30-A MRSA §939** is enacted to read:

15 **§939. Insolvency**

16 A county is authorized to file a petition for relief under 11 United States Code, chapter
17 9 if:

18 **1. Exhausted alternatives.** The county has exhausted all reasonable alternatives to
19 resolving its debt obligations;

20 **2. Determined insolvent.** The county has been determined to be insolvent by the
21 State Auditor; and

22 **3. County commissioners approve.** A majority of county commissioners, as defined
23 in section 1302, subsection 1, has voted to approve the filing of the petition.

24 **Sec. 2. 30-A MRSA §5705-A** is enacted to read:

25 **§5705-A. Insolvency**

26 A municipality is authorized to file a petition for relief under 11 United States Code,
27 chapter 9 if:

28 **1. Exhausted alternatives.** The municipality has exhausted all reasonable alternatives
29 to resolving its debt obligations;

30 **2. Determined insolvent.** The municipality has been determined to be insolvent by
31 the State Auditor; and

32 **3. Municipal officers approve.** A majority of municipal officers has voted to approve
33 the filing of the petition.

34 **Emergency clause.** In view of the emergency cited in the preamble, this legislation
35 takes effect when approved.

36 **SUMMARY**

37 This bill authorizes counties and municipalities to enter into federal bankruptcy
38 proceedings upon exhausting all reasonable alternatives to avoid bankruptcy, a

- 1 determination by the State Auditor that the county or municipality is insolvent and approval
- 2 by the county commissioners or municipal officers.