

COUNTY OF WASHINGTON
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March 3, 2026

To: Senator Grohoski, Representative Sayre and the distinguished members of the Joint Standing Committee on Taxation,

My name is Renée Gray and I currently serve as the Washington County Manager. I am asking for your support on LD 2222, an act to Establish Municipal Cost Components for Unorganized Territory Services to be rendered in Fiscal year 2026-27.

I began my career in municipal government in 2007, working in the Town of Lubec. There, I found myself working up from counter clerk, to Town Administrator and Municipal Clerk. My position at Lubec afforded me a seat on the Washington County Budget Advisory Committee for five years. In that role, I became somewhat knowledgeable of the Washington County Government budget, at least what it appeared to be at the time. The budget process consisted of three County Commissioners, the County Treasurer, County Department Heads, ten members of the Budget Advisory Committee, and the Legislative Delegate which was a non-voting member at that time. In July 2023, I was hired to train as Washington County's Deputy County Manager, and later that year, became the County Manager.

In 2024 I served as County Manager under the former Commissioners. During the 2024 budget process, the auditor made the Commissioners and Treasurer aware of a practice that should no longer be performed which transferred unspent funds called "carryovers" into the next year's budget. What the County has since learned was this practice was conducted for about five years prior using unaudited figures. In short, Washington County Government did not tax enough to the municipalities to cover the budgets for 2020-2024.

In 2025 two new County Commissioners were elected and later, in May 2025, the Governor appointed a replacement County Commissioner for District III after a resignation left this position vacant. As the auditor continued to look into the budgeting practices and being able to predict a short-fall, it became apparent that Washington County was staring at an anticipated \$2.6 million dollar deficit spanning the years of 2021-2024. The reason this deficit went unnoticed for so long was the presence of American Rescue Plan Act (ARPA) funds in the general account. These funds were designated and used for a project that was completed in 2025. This, therefore, removed the cashflow source the county had been using.

Washington County's fiscal year is January to December. State statute sets the due date for County taxes as September 1st, with interest to begin accruing November 1st. This means Counties have to operate 9-10 months on available cash on hand, or reserves. For years, Washington County has had to utilize Tax Anticipation Notes to supply cash-flow. In mid-2025, the County had exhausted all of the available Tax Anticipation Note (TAN) loan and all cashflow in the general account. It became apparent the need for additional TAN funds. This Allonge to the TAN was approved through bond counsel and the financial institution with which we have a very good working relationship.

Once those additional TAN funds were also exhausted, the new Provisional Treasurer, who was appointed by the Commissioners and also performs the duties of a Finance Director, helped us to understand that Washington County would not be able to pay back any of the 2025 TAN and still

"The Sunrise County – where the sun first shines!"

be able to continue County operations. (Jail Services, Sheriff Patrol, RCC emergency dispatching, Registry of Deeds, Probate Court and Services, Emergency Management Agency and District Attorney services.)

It soon became apparent there was no outside assistance available to pay this debt. The only option left was to seek voter approval on the 2025 November ballot that would have given authorization to the Commissioners to get a loan for \$11,000,000 which would have covered the debt for the anticipated \$2.6 million dollar deficit as well as the estimated 2025 TAN principal and interest of approximately \$8,000,000. The vote did not pass and it left a huge debt the County was unable to pay.

In October of 2025, the Commissioners and Budget Advisory Committee all supported sending out an "ASK" letter to all the Washington County municipalities. Each municipality's portion was calculated on their current state valuations just like county taxes are levied. Of the 45 municipalities, tribes and unorganized territories, 35 paid their portion and considered it a pre-payment for their 2026 taxes. This action allowed for the County to not default on the TAN and it was paid in full on February 18, 2026, just shy of the maturity date of February 20, 2026.

With municipalities paying their 2025 County taxes and the pre-payment for the 2026 County taxes, the 2025 TAN did not have to be exhausted. The total principal borrowed was \$6,749,800 and interest was \$246,204.70 bringing the total due on the 2025 TAN was \$6,996,004.70. For municipalities that paid their portion of the 2025 TAN based on the predicted \$8,000,000, they now have a credit. This will be applied to their 2026 County tax bill, unless they request a refund for the overpayment.

The Washington County Commissioners and Budget Advisory Committee respectfully ask the Unorganized Territories portion of the 2025 TAN be paid. The County services this portion represents have already been rendered. This has been calculated as of February 5, 2026 for the purpose of submitting the information for this bill. That calculation is \$640,670. This amount also can be found on the Unorganized Territories 2026 County Tax bill, which was sent out this week.

In closing, I would just like to recognize the immense collaboration this effort took. The situation Washington County found itself to be in, was unprecedented. The County Commissioners, Budget Advisory Committee, Provisional Trea Department heads, staff, and the County Delegation, along with Municipal leaders and Washington County residents to successfully reach the other side of this financial nightmare. I would respectfully urge your committee to unanimously support this bill. I am happy to answer any questions you may have.

Sincerely,



Renée Gray
County Manager

Renee Gray
Washington County Government
LD 2222

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