



# **Lewis County**

## **Budget Review and Revenue Options**

**March 2, 2026**

# Presentation Agenda

- 1. 2025 Year-End**
- 2. 2026 Budget Impacts**
- 3. Fund Balance Review**
- 4. 2026 Projections**
- 5. Revenue Options**
- 6. Code Review**
- 7. Summary**



## General Fund year-end projections

- Preliminary \$1.3 million increase in fund balance
- Major contributors:
  - Sales and use tax
  - Investment interest revenue
  - DNR Timber Trust
  - Traffic infractions penalties
  - Payment in lieu of taxes (federal)



# Fund Balance (General Fund only)



The Fund Balance has increased by approximately \$2.7 million since 2020 (preliminary est. for 2025)



\$500K to \$1 million in vacant positions annually



One-time revenue offset costs in 2020 and 2024



Lewis County's 2025 sales tax collections increased over 2024 was 5.3%

# Salary and benefit impacts from CBA negotiations

## General Fund

- Salaries \$1.1 million
- \*Benefits \$-346K

\*significant savings from health coverage provider changes

## All Funds

- Salaries \$543K
- Benefits \$388K

The total estimated increase is \$1.6 million across all funds.

Includes budgeted vacant positions



# Revenue Options

- Background on county revenue limits
- Options for new revenue
- Expenditure reductions



# County revenue limits

- All taxing powers are granted (and restricted) by the state constitution and statutes (RCW titles 36, 82, 84, etc.).
- Property taxes are the largest single ongoing revenue source for the County. However, property taxes are limited to a 101% of the previous year's levy (RCW 84.55).
- The second largest revenue source is sales and use tax. However, rates are capped by statute, and changes often require voter approval.
- Counties rely on voter measures for major increases.
- Lewis County seeks federal and state grants to offset costs, but these grants primarily support one-time infrastructure projects and rarely support general operating costs.



# Cannabis

- Currently Lewis Code requires proof of registration approval from the United States Attorney General or the Drug Enforcement Administration
- Code changes would be required
- Increased revenue distribution from the state based on population and retail sales, along with standard sales and use tax for retail in unincorporated Lewis County
  - Two separate components:
    - Per capita share distributed to all cities and counties that do not prohibit cannabis businesses.
    - Retail share distributed to cities and counties where cannabis retailers are located, in proportion to statewide cannabis revenues

Source: [https://leg.wa.gov/jlarc/reports/2023/cannabisRevenues/f\\_01/default.html#part1](https://leg.wa.gov/jlarc/reports/2023/cannabisRevenues/f_01/default.html#part1)



# Dedicated Cannabis Account: Revenue, Expenditures, and Distributions



**Washington State  
Liquor and Cannabis Board**

**Filters**

Fiscal Year  
All

Counties  
All

Cities and Towns  
All

[Click here to clear all filters](#)

**Distribution from Population**  
**\$274.20K**

**Distribution from Cannabis Sales**  
**\$251.49K**

[← Overall Expenditures & Distributions](#)

[← Detail on State Agency Expenditures](#)

## Distributions to Local Governments

**Total Distributions by County**  
*Darker shades indicate greater distributions*

Note: Counties in this map combine distributions to both county governments (unincorporated) and cities and towns (incorporated).



County	Distribution
Lewis	\$0.00
<b>Total</b>	<b>\$0.00</b>

Local Name	Distribution
Centralia	\$243,464.43
Chehalis	\$252,833.44
Morton	\$0.00
Mossyrock	\$0.00
Napavine	\$0.00
Pe Ell	\$6,303.79
Toledo	\$6,751.12
Vader	\$0.00
Winlock	\$16,337.63
<b>Total</b>	<b>\$525,690.41</b>

**By Fiscal Year**



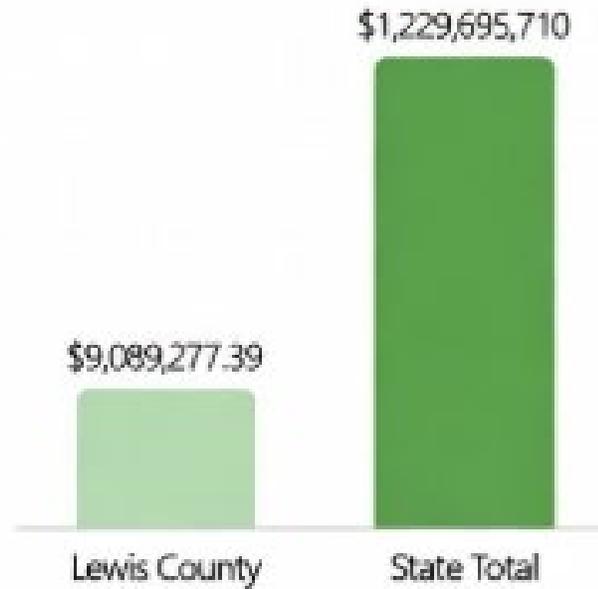
Fiscal Year	Total Distribution
2019	\$57.13K
2020	\$58.76K
2021	\$58.80K
2022	\$79.94K
2023	\$89.21K
2024	\$93.33K
2025	\$88.52K



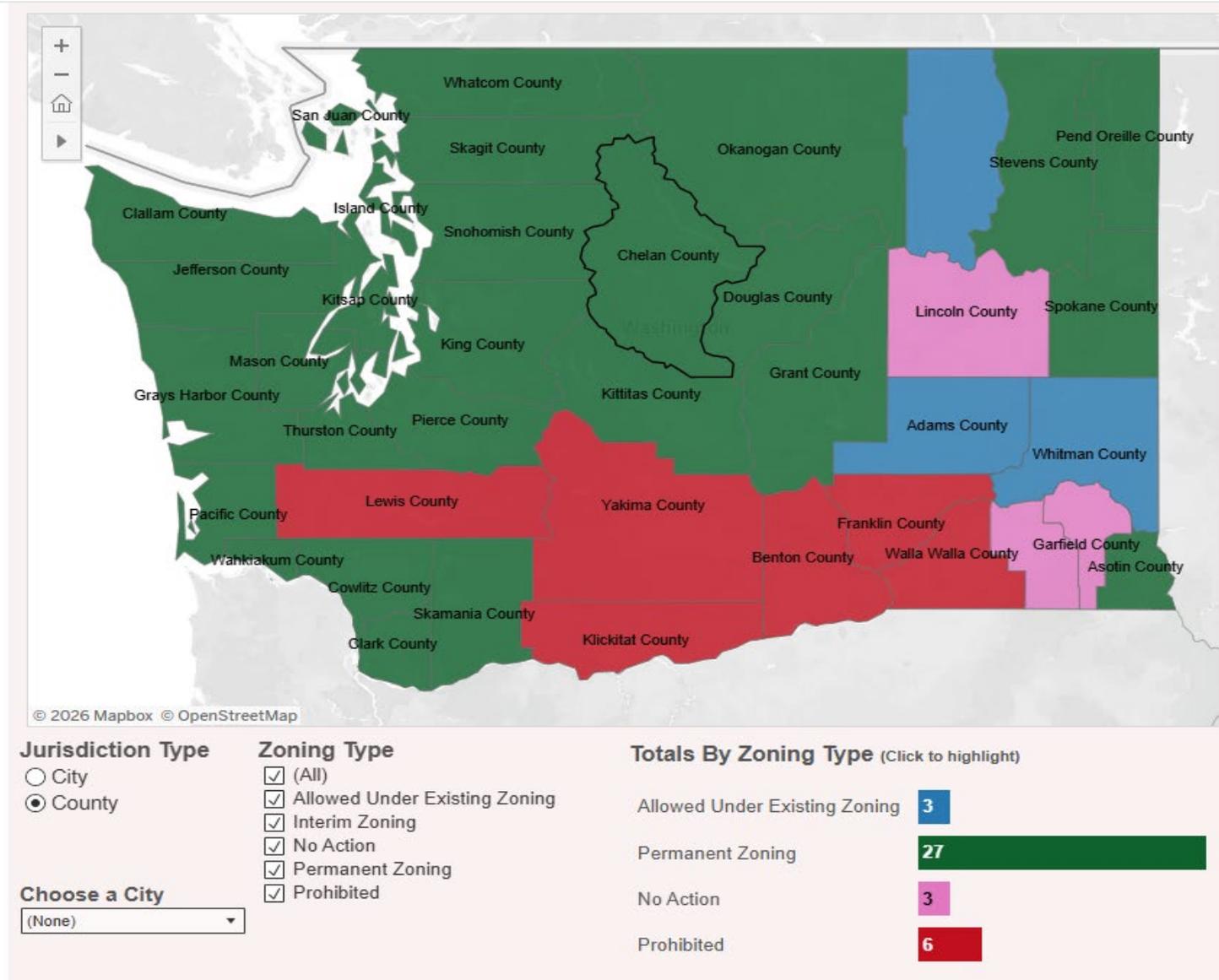
# Cannabis Revenue Sales

Lewis County

July 2023 – June 2024



<https://lcb.wa.gov/records/frequently-requested-lists>



# Cannabis Zoning Code – DRAFT Ideas

## Where?

- Property zoned FC, MU, CBZ
- 1,000 ft separation from schools, hospitals,
- 1,000 ft from other cannabis retail
- 1,000 from detention/correctional facilities

## How?

- NO local license
- Special Use Permit
  - Need to have a location
  - Owner, or legal rep, for property
- Public Notice
- Hearing Examiner

## What?

- Design requirements



# Potential Retail Cannabis Locations



2 Retail locations  
in FC zone district

1 Retail location at  
HWY12 FC zone  
district

1 or possibly 2  
in Onalaska CBZ  
and MU zone  
district

2 in Packwood in  
the CBZ and MU  
zone district



# Cannabis Production & Processing - DRAFT

## What?

- Production = Growing
  - Industrial NOT Agriculture
- Processing = Raw Cannabis into useable products
  - Tier 1 – no extraction
  - Tier 2- extraction

## How?

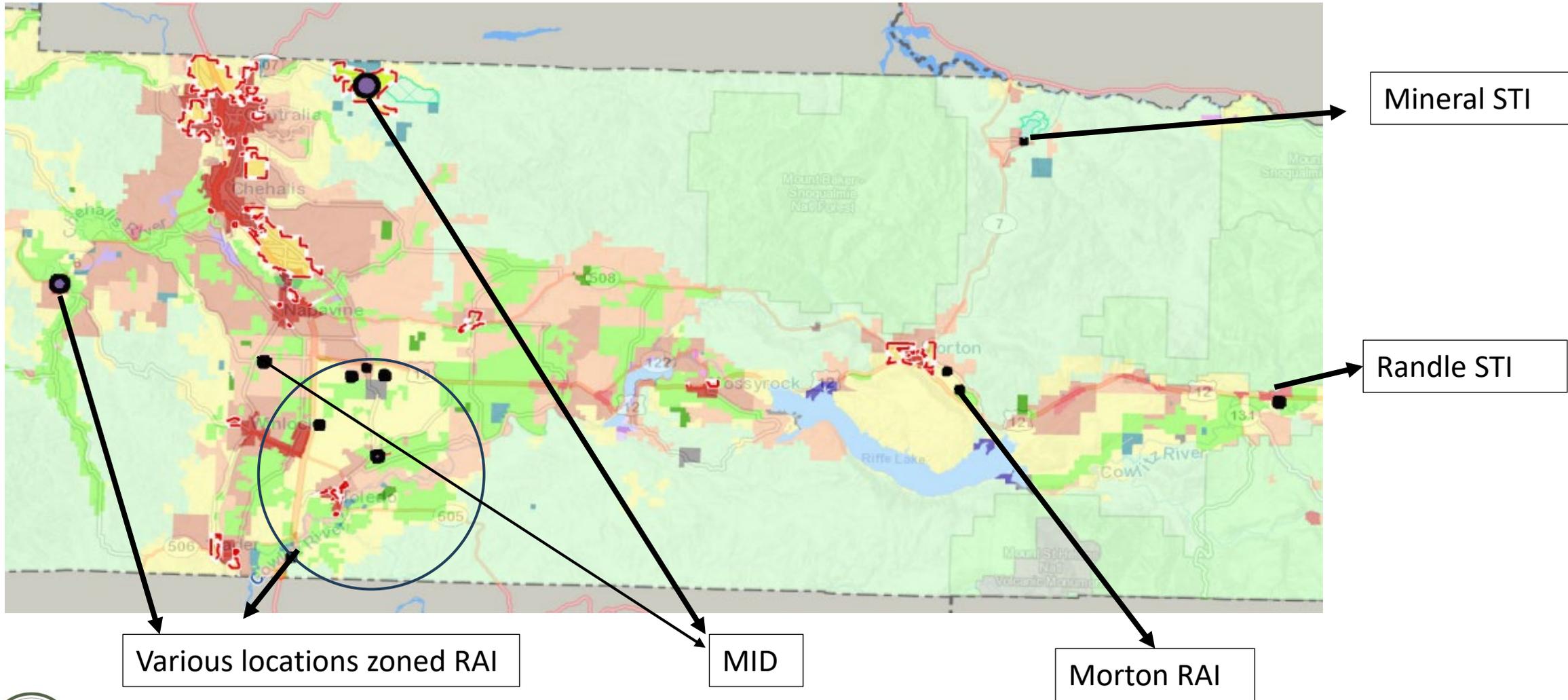
- NO local license
- Special Use Permit
- SEPA if >2,500 sq ft
- Public Notice
- Hearing Examiner

## Where?

- Property zoned MID, RAI, STI
- Parcels >5 acres



# Potential Cannabis Production & Processing Locations



# Cannabis Zoning Code Next Steps

1. Staff creates codes with PW, EH, etc.
2. Planning Commission Workshop(s)
3. Planning Commission Public Hearing
4. BOCC Wednesday Workshop
5. BOCC Public Hearing
6. BOCC Final Decision
  - approve, approve with changes, deny

March – June 2026



# Public Safety Tax

## •Eligible Entities

- Applies to cities, towns, and counties
- Imposed by county or city legislative authority

## •Revenue Use Requirements

- At least one-third of revenues used solely for:
  - Criminal justice purposes (per RCW 82.14.340)
  - Fire protection purposes
  - Or both
- Remaining revenues generally unrestricted for public safety/health

## •Tax Rate Limits

- Counties: Maximum 0.3%
- Cities: Maximum 0.1%
- Combined city + county rate may not exceed 0.3% (revenue sharing adjusts to enforce this cap)

## •Revenue Sharing

- Required between cities and counties
- Ensures fair distribution (e.g., county-imposed: typically 60% county / 40% to cities per capita;
- city-imposed: typically 85% city / 15% to county)

## •Voter Approval & Election Rules

- Requires voter approval (majority vote on ballot proposition)
- May only be submitted at primary or general elections
- Not allowed at the February or April special elections



# Summary

Why limit additional cuts?

## **Measures taken to manage within resources:**

- Lewis County has made significant reductions – 23 positions from 2023 to 2025
- The county is down 50 FTEs since 2008
- Implementation of the Cost Allocation Plan
- Implementation of systems to create efficiencies

## **• Challenges:**

- Service impacts related to state mandates
- State mandates do not come with new ongoing revenue
- Insurance costs - Tort reform needed
- Public Defense standards (mandated)



# Next Steps

- If BOCC wants to continue to consider cannabis, then the next steps could be:
  1. Community Survey March 2026
  2. Present results of survey to BOCC, and confirm BOCC direction to proceed with LCC amendments
  3. Draft at Planning Commission, public hearing
  4. Planning Commission recommendation to BOCC, public hearing
- Reinvigorate the Law and Justice Council (LC Code 9.20) to evaluate the desire to move a Public Safety Tax forward.
- Budgetarily, provide a recommendation on whether offices and departments need to be reduced considering COLA/Benefits increases or use 2025 excess to offset increase.

