

ORDINANCE NO. 2094

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, AMENDING THE PALM SPRINGS MUNICIPAL CODE TO PROVIDE THAT CANNABIS DISPENSARY BUSINESS PERMIT APPLICATIONS WILL NOT BE ACCEPTED, PROCESSED OR APPROVED BY THE CITY, BETWEEN JANUARY 1, 2024 AND DECEMBER 31, 2027

**City Attorney's Summary**

*This ordinance provides for a temporary pause on the acceptance, processing or approval of cannabis dispensary business permits, during the period of January 1, 2024 through December 31, 2027.*

WHEREAS, as of February 8, 2024, the existing cannabis retail industry in Palm Springs includes twenty six (26) operating Storefront Cannabis Storefront Retail businesses, eight (8) permitted-nonoperational Cannabis Retailer businesses, and one (1) Cannabis Retailer pending ; and

WHEREAS, based on data from the City of Palm Springs Office of the Finance and Treasury regarding revenue trends among cannabis retail businesses, it appears doubtful that the Palm Springs market can sustain additional cannabis dispensary businesses in a number greater than those already in the application pipeline; and

WHEREAS, in addition, new applicants for cannabis retail businesses permits slow the pace of the permitting process for earlier applicants, as limited City resources must be distributed to process pending applications. Many Equity Program applicants qualify for a reduction or waiver of permit fees, so the burden of processing additional applications must largely be borne by scarce General Fund revenues; and

WHEREAS, the City Council finds that the above considerations warrant the City's ceasing to accept, process or grant new applications for cannabis retail businesses for a period of four (4) years.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Palm Springs Municipal Code section 5.55.095 is hereby amended to add a new subsection (C) to read as follows:

“(C) Applications for Cannabis Business Permits (Dispensaries)

The City Manager shall decline to accept for processing, and shall not process or approve, any application for a Cannabis Business Permit

(Dispensaries) under Section 5.55.095, if such application was not deemed complete prior to January 1, 2024. This subsection shall not apply to Microbusinesses. No later than June 30, 2027, the City Manager shall submit to the City Council a report that analyzes various impacts of this ordinance, including its financial impacts on the City and the City's cannabis industry, operational impacts on the Office of Special Programs, and impacts on City business districts and neighborhoods."

SECTION 2. Palm Springs Municipal Code section 5.55.095 is hereby amended to add a new subsection (D) to read as follows:

"An adult-use cannabis permit shall not be issued or transferred to any person who is the owner of, or has a financial a financial interest in, two dispensary cannabis businesses operating in the City or who has obtained two dispensary cannabis permits to operate in the City."

SECTION 3. Palm Springs Municipal Code section 3.42.020, definition of "Gross Receipts" is hereby amended to read as follows:

" 'Gross receipts.' Except as otherwise specifically provided in this code or by regulation authorized by this code, "gross receipts" means the total amount actually received or receivable from all sales; the total amount or compensation actually received or receivable for the performance of any act or service, of whatever nature, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise; discounts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks or bonds, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction or set off therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever. Collection of any State excise tax shall be excluded from "gross receipts. Credit card fees shall be exclude from the definition of "gross receipts." "

SECTION 4. Palm Springs Municipal Code section 5.55.200(A)(21) is hereby amended to read as follows:

"21. Any new supervisors, employees or other persons otherwise engaged in the operation of the Adult-Use Cannabis Business must submit their information to the City Manager within 10 days prior to their new ownership, employment, or engagement, including fingerprints and other necessary information for a background check. In the event an employee background check takes more than seventy two (72) hours to receive a response from the City, employees may be hired on a probationary status

for a period of no more than fourteen (14) days pending the final City approval of their background check.”

SECTION 5. Sunset Date. Unless amended by future ordinance, Section 1 of this ordinance shall expire by operation of law on December 31, 2027. Upon expiration of this ordinance, subsection (C) of Section 5.55.095 shall be removed from the Palm Springs Municipal Code.

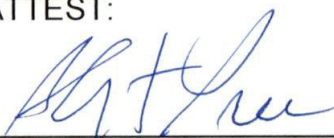
SECTION 6. CEQA. This action is not subject to the California Environmental Quality Act (Public Resources Code Section 21000 et. seq.) pursuant to Section 15060(c)(2) and 15060(c)(3) of the State Guidelines, because the resolution will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a “project,” as that term is defined in Section 15378 of the State Guidelines.

SECTION 7. Severability. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City Council hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

PASSED, APPROVED, AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 14<sup>TH</sup> DAY OF MARCH 2024

  
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JEFFREY BERNSTEIN  
MAYOR

ATTEST:

  
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BRENDA PREE, MMC, CERA  
CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, Brenda Pree, City Clerk of the City of Palm Springs, California, do hereby certify that Ordinance No. 2094 is a full, true, and correct copy, and was introduced at a regular meeting of the Palm Springs City Council on February 29, 2024, and adopted at a regular meeting of the City Council held on March 14, 2024, by the following vote:

- AYES: Councilmembers Garner and Middleton; Mayor Pro Tem deHarte; and Mayor Bernstein
- NOES: None
- RECUSED: Councilmember Holstege
- ABSENT: None
- ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this 25<sup>th</sup> day of March 2024.

  
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BRENDA PREE, MMC, CERA  
CITY CLERK