



City of Visalia

City Council

Monday, March 3, 2025

Cannabis Business Ordinance Next Steps

Cannabis Business Next Steps:

In November 2024, voters of the City of Visalia voted to approve Measure O, the City's cannabis tax measure, with an approval rate of 70.7%. Major elements of the cannabis business tax ordinance include:

- It is a general tax for general purpose of the city
- The maximum tax rate is 10% of gross receipts
- Taxes are to be remitted monthly
- Audits will be allowed by the city or third-party designee
- Personal cultivation for personal consumption is not subject to the tax
- The option for a tax rate per square footage for cultivation businesses

Cannabis Business Next Steps:

Passage of the local tax measure does not legalize other types of cannabis sales to operate in the City of Visalia, just to tax applicable businesses.

The City has an existing service agreement with HdL Companies that includes identifying potential revisions to cannabis regulations in Visalia, or drafting a new regulatory framework for cannabis business operations should the City wish to proceed with that potential scope of work.

Depending on Council direction, staff is requesting an appropriation of an additional \$5,000 from the General Fund and to amend the HdL contract.

Cannabis Business Next Step Options:

1. Proceed with drafting a cannabis business ordinance for adoption but set the number of businesses permitted to operate in the City to zero effectively establishing the regulatory framework but not yet permitting such businesses to operate.

2. Proceed with drafting a cannabis business ordinance and potentially allowing such businesses to operate within the City upon adoption of the ordinance.

3. Do not proceed with drafting a cannabis business ordinance and instead acquire cannabis ordinance examples and a conceptual work plan from HdL for potential use at a later time.

Cannabis Business Next Steps:

3.14.170 Apportionment.

This section in the Cannabis Tax Ordinance could potentially yield tax revenues on deliveries currently allowed into Visalia from dispensaries located outside of Visalia. To fully implement this provision, staff needs to:

- Determine an appropriate apportionment formula
- Establish a policy
- Identify potential businesses this should apply to

HdL, City staff, and the City Attorney's Office are currently working to develop this type of process.

Background

City	FY 2025 (proj.)	2024	2023	2022
Hanford	\$ 1,346,000	1,296,000 (budgeted)	\$ 1,073,651	\$ 899,912
Farmersville	\$ 700,000	\$ 791,050	\$ 1,001,240	\$ 1,303,701
Tulare	\$ 1,100,000	\$ 926,000	\$ 580,000	(started in 4.2023)
Woodlake	\$ 775,000	775,000 (budgeted)	\$ 703,047	\$ 914,969

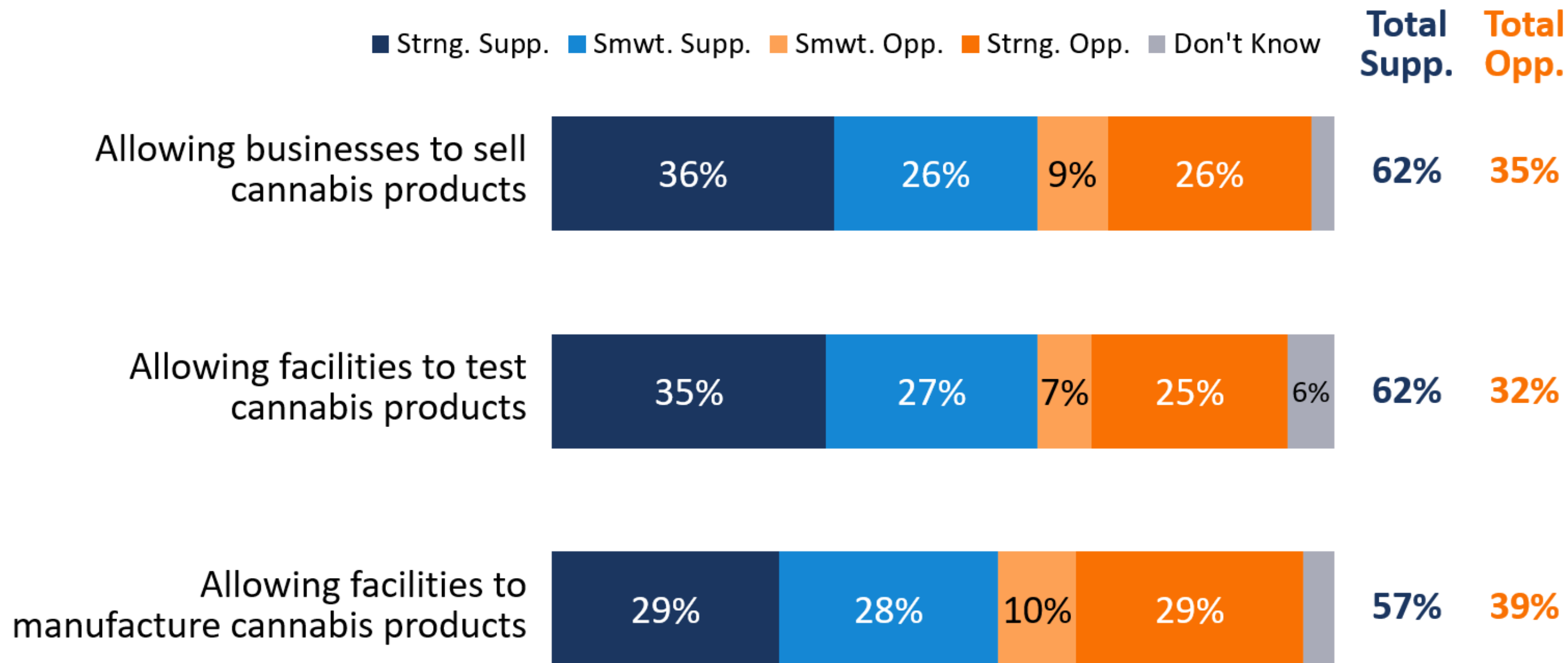
City	Retail (Storefront)	Distribution	Manufacturing	Cultivation	Testing
Hanford	Allowed	Allowed	Allowed	Limited	Allowed
Farmersville	Allowed	Allowed	Allowed	Limited	Allowed
Tulare	Allowed	Prohibited	Prohibited	Prohibited	Prohibited
Woodlake	Allowed	Allowed	Allowed	Limited	Allowed

Background

- FM3 Research was hired to conduct public opinion research on a potential local cannabis tax measure.
- On May 6th FM3 Research presented their survey findings and identified, among other things, that the majority of Visalia residents support allowing cannabis businesses to operate in Visalia and support the passage of a local tax measure on cannabis businesses.

A majority support allowing cannabis-related businesses to operate in Visalia.

(Ranked by Total Support)

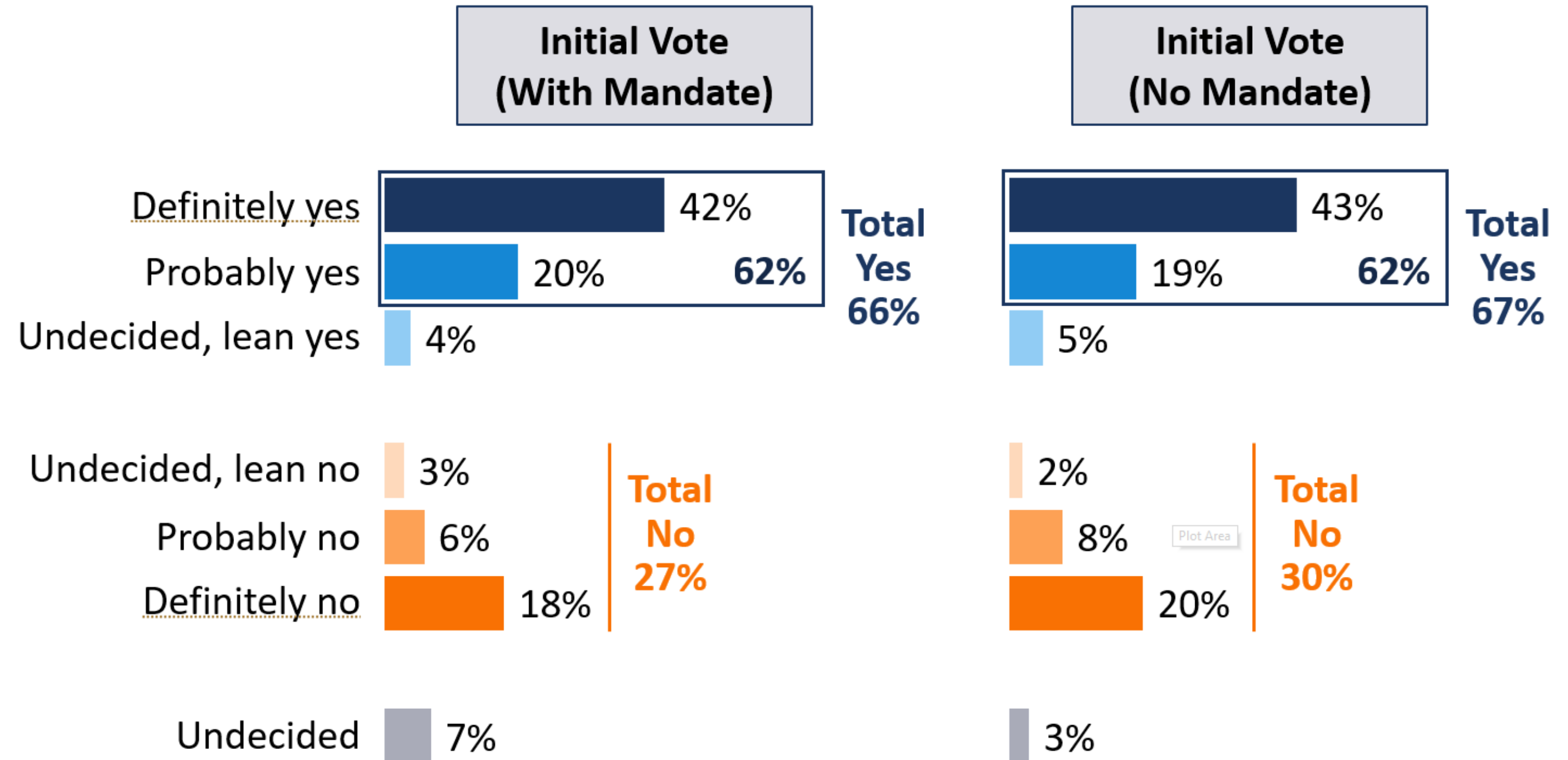


Q. I am now going to mention various cannabis related businesses. Please tell me if it sounds like something you would support or oppose in the City of Visalia. Any of these potential uses may also be subject to regulations the City can make such as location or hours of operation, and may include related fees.

Background

Two-thirds support the proposed measure, both with and without mention of a state or local mandate.

(Each Measure - M.O.E=±5.7%)



Staff Recommendation

That the City Council select one of the following options:

1. Proceed with drafting a cannabis business ordinance for adoption but set the number of businesses permitted to operate in the City to zero effectively establishing the regulatory framework but not yet permitting such businesses to operate within the City, amend the remaining HdL contract totaling \$24,600, and appropriate \$5,000 from the General Fund.

2. Proceed with drafting a cannabis business ordinance and potentially allow such businesses to operate within the City upon adoption of the ordinance, amend the remaining HdL contract totaling \$24,600, and appropriate \$5,000 from the General Fund.

An aerial photograph of the Fox Theatre in Los Angeles at sunset. The building is a large, ornate structure with a prominent tower featuring the word 'FOX' and two circular logos. The sky is a mix of orange, yellow, and dark blue. The surrounding area includes parking lots with several cars, trees, and other buildings in the distance. The text 'Comments/Questions' is overlaid in a large, white, serif font across the center of the image.

Comments/Questions