



Tobacco Retail Regulations Highlights of July 29th Presentation to the Board of Supervisors

Local Economic Impacts of Implementing a Local Tobacco Retail License

TAX REVENUE IMPACT ASSESSMENT

Economic Development conducted a tax revenue impact assessment of the existing TRL Ordinance on two gas station tobacco retail locations based on restricting tobacco product types, package sizes, prices, and discounts.

Sales Tax Losses (7.25% Local Rate):

Location A: \$1,151.88/month (restricted tobacco sales)

Location B: \$1,604.50/month (restricted tobacco sales)

Potential Sales Tax Losses (Discount Prohibition):

Location A: Up to \$1,805.92/month

Location B: Up to \$3,064.15/month

Gas Tax Losses (2.25% Gas; 13% Diesel):

Location A: \$1,750/month

Location B: \$4,943/month

Assumptions regarding the economic impacts of the Tobacco Retail Licensing Ordinance may vary across other businesses. Tax revenue loss would presumably be offset by lower local healthcare costs, but exact amounts are undeterminable.

ESTIMATED COUNTYWIDE SALES & USE TAX IMPACTS OF IMPLEMENTING A LOCAL TOBACCO RETAIL LICENSE

Per the publicly posted Sales & Use Tax Reports, Service Stations generated \$2,619,600 in Sales & Use Tax in 2024, 13.7% of Sales and Use Tax revenue.

One retailer reported that similar restrictions in other jurisdictions reduced tobacco sales by 65% - 75%.

Another retailer reported that tobacco sales account for 31% - 44% of sales with 46% - 63% of tobacco sales including other purchases.

If the Ordinance drives tobacco sales to other jurisdictions, Sales and Use Tax revenue from Service Stations could decline \$865,000 a year.

Options for Board Consideration for Moving Forward

A. REPEAL BOTH ORDINANCES AND END LOCAL TOBACCO REGULATIONS.

1. Staff would return with a Resolution of Intention,
2. Staff would go to the Planning Commission to review the repeal of Ordinance 5210, and
3. Staff would return to the Board to repeal Ordinances 5210 and 5211.

B. REPEAL THE TOBACCO RETAIL LICENSE ORDINANCE 5211 AND MAKE UPDATES TO ZONING ORDINANCE 5210 TO ADD POPULATION LIMIT FOR SMOKE SHOPS.

1. Staff would return with a Resolution of Intention,
2. Staff would go to the Planning Commission to review changes to Ordinance 5210 to:
 - Make restrictions only apply to Smoke Shops, 30% of floor/display space
 - Add density limit for Smoke Shops
 - Decrease sensitive and same use setback to 1,000 feet for Smoke Shops
3. Staff would return to the Board to revise Ordinance 5210 and repeal Ordinance 5211.

CAO
Recommendation

C. SIMPLIFY THE TOBACCO RETAIL LICENSE ORDINANCE 5211 AND TOBACCO ZONING ORDINANCE 5210 TO REDUCE RESTRICTIONS ON BUSINESSES.

1. Staff would return with a Resolution of Intention,
2. Staff would go to the Planning Commission to review changes to Ordinance 5210 to decrease sensitive and same use setback to 1,000 feet.
3. Staff would return to the Board to revise Ordinance 5210, as described above and revise Ordinance 5211 to:
 - Amend our Ordinance to remove any restrictions beyond State law regarding flavored tobacco, single-use electronic cigarettes and non-FDA authorized electronic cigarettes, product pricing and packaging, and positive identification.
 - Revise Excessive Density section to only limit smoke shops (30% of floor/display space), to 1 per 15,000 residents (current amount)
 - Modify the ordinance to add an exception to the density limit to allow for a new license to be issued for a location with an existing license when a retailer sells their business.
 - Modify the ordinance to add an exception to grandfather completed development applications received prior to January 30, 2024, mirroring the County Zoning Ordinance.

Staff
Recommendation

D. SIMPLIFY THE TOBACCO RETAIL LICENSE ORDINANCE 5211 TO REDUCE RESTRICTIONS ON BUSINESSES.

1. Staff would return to the Board to revise Ordinance 5211 to:
 - Amend Retail License Ordinance to remove any restrictions beyond state or federal law to limit flavored tobacco, product pricing and packaging, and positive identification.
 - Revise Excessive Density section to limit smoke shops (30% of floor/display space), to 1 per 15,000 residents (current amount) and all other retailers to 1 per 1,500 residents
 - Modify the ordinance to add an exception to the density limit to allow for a new license to be issued for a location with an existing license when a retailer sells their business, and
 - Modify the ordinance to add an exception to grandfather completed development applications received prior to January 30, 2024, mirroring the County Zoning Ordinance.