



City of Grover Beach

NEWS RELEASE

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Grover Beach Continues Successful Development of Commercial Cannabis Industry, Producing Local Jobs and Tax Revenue

Grover Beach, CA – As an [internationally recognized leader](#) in the safe, responsible establishment of a thriving local commercial cannabis industry, the City of Grover Beach continues to take steps to strengthen the cannabis industry and explore new opportunities for businesses. On May 10, the [City Council received an update](#) on the program’s success to date and provided policy direction to consider modifying tax rates to remain competitive with other cities and establishing onsite consumption lounges within the city.

“We are proud to be a leader in implementing this new industry in a thoughtful, cautious, and safe manner,” said Grover Beach Mayor Jeff Lee. “Through our innovation and diligence, the cannabis industry has helped the City diversify and strengthen the local economy, transform underutilized commercial spaces, and create new jobs and tax revenue for our community.”

Grover Beach first introduced its commercial cannabis ordinance allowing medical use businesses in 2017 and updated the ordinance in 2018 to allow adult use cannabis businesses. The ordinance provides regulatory protections with land use measures, environmental protections, fire and life safety provisions, and security measures to ensure community safety. To date, the City has approved 27 businesses with 12 currently operating including three retailers, three distributors, five manufacturers, and a microbusiness with an efficient City regulatory program providing industry oversight. Collectively, these businesses have supported the local economy with the introduction of over 200 jobs, a projected \$2.4 million in cannabis tax revenues in the next fiscal year and upward trends in property values as business owners invest in upgrades to their properties. The local development of the industry has also contributed to the revitalization of vacant or underutilized property in Grover Beach.

Cannabis tax revenues are now the City’s third-largest general revenue source and are a significant contributor to the City’s sales tax revenues. Given continued uncertainties in the cannabis industry and the relatively recent introduction of this revenue stream, the Council has been cautious in the use of these additional funds and have primarily used them to address one-time needs, including capital projects and a pension liability cost paydown. In response to concerns from industry representatives about the competitiveness of the City’s tax rates, the Council provided direction to consider potential reducing the distribution tax rate as part of a future discussion this fall on tax rates to help attract new businesses to the region.

The Council also provided direction to consider the possibility of allowing onsite cannabis consumption lounges which can be established under State law in conjunction with a cannabis retailer permit. There are no onsite consumption lounges currently within the area which could create an opportunity for Grover



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Beach to allow this use in a safe and responsible way particularly as a “cannabis tourism” destination. Onsite consumption could continue to develop the City’s cannabis industry and create additional business opportunities and revenue sources. Staff will bring back additional information on consumption lounges in the fall for further consideration by the Council.

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