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Desert Hot Springs considers pot shops

DESERT HOT SPRINGS – City leaders are exploring permitting and taxing medical marijuana dispensaries. If approved, Desert Hot Springs would join Palm Springs as one of two cities in Riverside County to permit marijuana dispensaries to operate.

“A new revenue flow would be good, but we have to think about everything it entails,” said Councilwoman Jan Pye. “I know we are trying to get more revenue as fast as possible, but this is not something we should rush.”

However, there are many medical marijuana patients in Desert Hot Springs who would benefit from local dispensaries instead of traveling to Palm Springs, Pye said.

Pye, whose grandmother suffered from glaucoma, said she believes that “medical marijuana works. When my grandmother was alive, marijuana saved her eyesight.”

“In order to impose a tax, that must be voted in by residents or they can impose a fee of some sort,” said Steve Quintanilla, city attorney in Desert Hot Springs. “Palm Springs imposed a fee that is very similar to a tax, there are different ways to structure it.”

Quintanilla said he plans to contact city attorneys in municipalities, such as Berkeley and Palm Springs, where ordinances for medical marijuana collectives have been created to see how they are regulating dispensaries.

Once the research is completed, Quintanilla, who also has drafted an ordinance in Rancho Mirage prohibiting marijuana collectives, said he will present the city council with a “menu” of options.

An audit conducted last year by Palm Springs of its three legal dispensaries revealed they generate about \$4.5 million annually in combined proceeds. And in February, the Palm Springs City Council approved a fourth dispensary, which is expected to open as soon as July.

Dispensaries without a permit in Palm Springs must pay a 15 percent tax rate and are subject to prosecution under the city’s municipal code. Previous estimates suggested that Palm Springs could generate \$450,000 annually for its tax on the three legal marijuana shops currently in operation.

“The city attorney is doing research to see what kind of revenue we would get from it,” said Desert Hot Springs Councilman Joe McKee. “We are in a position where we understand that people who have prescriptions are going to other places.”

City leaders see marijuana as an opportunity to bring in much needed revenue to the cash-strapped city facing a \$3 million deficit.

“Obviously, years ago there weren’t that many cities doing it. But most recently with Palm Springs, we are seeing what they are bring in” in terms of tax money, said Desert Hot Springs Councilman Scott Matas. “I think we need to look at it.”

If regulated correctly, Matas said he would be “supportive of 21-and-over dispensaries.”

“Our city is tough because we don’t have that much retail space,” Matas said, adding that he would be supportive of “maybe one or two in retail areas.”

Desert Hot Springs police chief Dan Bressler said he “would not be opposed to exploring the idea of marijuana dispensaries” as long as they fall under the restrictions of proposed Senate Bill 1262, which is sponsored by the California Police Chiefs Association.

The bill calls for uniform quality assurance standards, security measures to prevent recreational use and imposes tighter regulations on doctors who issue medical marijuana licenses, among other restrictions.

“I also realize that financially we are in need, and we need to look at options,” Bressler said. “I would support any option the council decides” on the matter.

“Of course, there is potential to bring in revenue,” but the tax also needs to be reasonable and not burdensome to medical marijuana patients, said Mayor Pro Tem Russell Betts. “But there is still a whole bunch of work that needs to be sorted out. Just take a look at what Palm Springs went through. It’s not something that you can wave a magic wand at and it’s there.”

“I’m sure that the city attorney will bring us something next week,” said Mayor Adam Sanchez. “I have an open mind to it and that is part of the discussion.”

As of right now, Sanchez said he is waiting for a formal discussion on the matter to be taken up by city council.