

**CITY COUNCIL REPORT ISSUED PURSUANT TO
GOVERNMENT CODE SECTION 65858(d)**

DATE: February 17, 2026

SUBJECT: Report on Measures Taken Following Adoption of Urgency Ordinance No. 2025-03-04-1504 Establishing a Temporary 45-Day Moratorium and Ordinance No. 2025-04-15-1601 Extending Urgency Ordinance No. 2025-03-04-1504 For 10 Months and 15 Days.

BACKGROUND: On March 4, 2025, the Stockton City Council adopted Urgency Ordinance No. 2025-03-04-1504, which established a temporary moratorium on the issuance of any license, permit, or other entitlement for use for the establishment, relocation, or physical expansion of a tobacco retailer business. Urgency Ordinance No. 2025-03-04-1504 was set to expire on April 18, 2025. On April 15, 2025, the Stockton City Council adopted Ordinance No. 2025-04-15-1601, extending Urgency Ordinance No. 2025-03-04-1504 for 10 months and 15 days pursuant to Government Code section 65858(a). Ordinance No. 2025-04-15-1601 is set to expire on March 2, 2026.

California Government Code section 65858(d) requires the City Council to issue a written report 10 days prior to the expiration of the interim ordinance or any extension. The report shall describe the measures the City is taking to alleviate the condition(s) that led to the interim ordinance's adoption.

Ordinance No. 2025-04-15-1601 extending Urgency Ordinance No. 2025-03-04-1504 will expire on March 2, 2026. On February 17, 2026, City staff is presenting proposed amendments to the existing Tobacco Retailer Ordinance (SMC 5.104). In the event those proposed amendments are not adopted by the City Council, City staff is also presenting the City Council with a request to adopt a second, and final, extension of the moratorium pursuant to Government Code section 65858. Therefore, this report satisfies the requirements of California Government Code section 65858(d).

DISCUSSION: The purpose of Chapter 5.104 Tobacco Retailers is to encourage responsible tobacco retailing and to discourage violations of tobacco-related laws, especially those that prohibit or discourage the sale or distribution of tobacco products to minors or prohibit the sale of flavored tobacco products, industrial hemp products containing intoxicating cannabinoids, and illegal cannabis, but not to expand or reduce the degree to which the acts regulated by Federal and State law are criminally proscribed or to alter the penalties provided by such laws.

On March 4, 2025, the City Council adopted a 45-day moratorium on the issuance of new tobacco retail licenses pursuant to Chapter 5.104. On April 15, 2025, that moratorium was extended for an additional 10 months and 15 days and will expire on March 2, 2026.

That moratorium was based on express findings by the City Council that the recent

proliferation of tobacco retailer businesses, specifically smoke shops, and the harmful effects of tobacco and other products sold at these establishments were negatively impacting the health, safety, and welfare of City residents, especially youth. Further, tobacco retailer businesses have also been a source of unlawful activities in the City, targets for theft and vandalism, and affiliated with the sale of illegal cannabis products and drug paraphernalia that encourage illegal activity. Stockton Police Department has conducted inspections at various tobacco retailers throughout the City and found evidence of and confiscated illegal tobacco products, including flavored tobacco, cannabis-infused items, and illegal gambling.

Since the adoption of the moratorium, City staff have continued to study the issue. Specifically, the Administrative Service, Community Development, and Stockton Police Departments have led efforts to revise the existing Tobacco Retailer Ordinance to address the public health and safety threats created by smoke shops under the existing ordinance.

The following is a summary of the proposed revisions:

1. Added express prohibition on the sale of flavored tobacco products, industrial hemp products containing intoxicating cannabinoids, and illegal cannabis.
2. Added numerous definitions to ensure that compliance and enforcement for Chapter violations are clear.
3. Replaced having one single tobacco retailer license type with 4 separate license types:
 - a. Tobacco retailer- Exempt,
 - b. Tobacco retailer- Ancillary,
 - c. Tobacco retailer- Smoke shop, and
 - d. Tobacco retailer- Smoking lounge.

The separate license types allow for application requirements, locational criteria, operational mandates, and enforcement efforts to be tailored to the different types of business operations and their unique community impacts.

4. The license type “Tobacco retailer- Exempt” creates an exemption from the license requirement to incentivize fresh and healthy food sales for City residents.

Retail (e.g. grocery) stores have to apply for a license but are exempt from locational and operational requirements if they use less than 5% of their retail sales space for tobacco and more than 10% or more of their retail sales space for the sale and display of fresh food, including agricultural products like fresh fruits and vegetables; nuts; minimally processed prepared foods; fresh meat, fish, or poultry; juice and dairy products; and fresh baked goods, breads, and cereals.

5. New application requirements:
 - a. In addition to existing Chapter 5.104 requirements, applicants for all four (4) license types must submit a layout of the premises showing where tobacco retailing will take place and areas where tobacco will be stored.
 - b. Smoke shop applicants will additionally have to submit a security plan for review and approval by the Police Department that includes video surveillance, physical security, and a uniformed security personnel deployment plan.
 - c. Smoke shop applicants will also be subject to background checks. If, in the Chief of Police's opinion, an applicant's background renders them unsuitable to operate a smoke shop, then the application will be denied.
6. Requires Tobacco retail licensees to maintain a valid business license that identifies tobacco retail sales on the business license. If a license is revoked, the business license shall be updated promptly.
7. Strengthened locational criteria:
 - a. New Smoke shops, General tobacco retailers, and Smoking lounges cannot be within 1,000 feet of sensitive receptors or other General tobacco retailers or Smoke shops.
 - b. Sensitive receptors include residential zones or uses, K-12 schools, childcare facilities, public parks and youth facilities, religious facilities, and drug or alcohol recovery/treatment facilities.
8. Added express ability for law enforcement to conduct scheduled or unannounced inspections of tobacco retail licensees' premises.
 - a. Refusal to allow an inspection is a violation of the revised ordinance.
 - b. A fee shall be charged for such inspections to ensure cost recovery of staff time.
9. Expanded the grounds for suspension and revocation of licenses to include the sale of tobacco to minors or selling flavored tobacco and knowingly concealing any flavored tobacco or intoxicating products with the intent to evade or avoid compliance with the revised ordinance.
 - a. First violation for such actions shall result in suspension for 30 days;
 - b. Second violation shall result in suspension for 60 days; and
 - c. Third violation shall result in revocation.
10. Added operational requirements for all tobacco retailers:
 - a. Tobacco retailing can only occur within the approved premises, not in the parking lot, vehicle, or storage container;
 - b. Clerks selling tobacco products shall be at least 21 years of age; and
 - c. Tobacco products must be displayed in one contiguous area of the store, as shown on the approved site plan, not throughout a retail shop.

11. In addition, smoke shops must also operate:
 - a. Only pursuant to their Police Department approved security plan; and
 - b. Only between 6:00 a.m. and 10:00 p.m.
12. Added requirement that neither Smoke shops nor Smoking lounges may operate as part of, or in the same business space, where alcoholic beverages are sold.
13. All tobacco retailers are banned from selling flavored tobacco; however, the new ordinance added an exception that allows licensed Smoking lounges to sell flavored premium cigars with a wholesale price of \$12 each or more, flavored loose-leaf pipe tobacco, and flavored shisha/hookah tobacco for onsite consumption only.
14. Expressly prohibits tobacco retailers from displaying or selling items for the purpose of intoxication, including cannabis, psilocybin, mushrooms, nitrous, kratom, and aerosols.
 - a. Revisions prohibit the sale of items for consumption that contain hemp-derived THC or intoxicating cannabinoids.
15. Penalties for Violations have been revised to clarify allowed penalties for violations and to increase the number of violations that may be charged during an inspection.
16. The Police Department is now expressly allowed to seize any tobacco product that violates the revised ordinance.

The City Council, following the presentation of the above proposed amendments to the Tobacco Retailer Ordinance, did not adopt the proposed amendments but has directed staff to continue to study the issue and to address specific concerns raised during the presentation about how the Tobacco Retailer Ordinance can best address the public health and safety threats created by smoke shops.

Therefore, in order to make the additional revisions directed by City Council, and with the understanding that said revisions cannot be made and brought back to City Council for consideration and adoption at a regular meeting prior to the expiration of the extension of Urgency Ordinance No. 2025-03-04-1504 on March 2, 2026, City staff is presenting a request for City Council to consider a second and final extension of Urgency Ordinance No. 2025-03-04-1504 on February 17, 2026.

OPPORTUNITY FOR PUBLIC COMMENT: Members of the public will have the opportunity to comment on the proposed extension of Urgency Ordinance No. 2025-03-04-1504 at the City Council meeting on February 17, 2026. The City will publish notice for this meeting pursuant to California Government Code section 65090.