



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: Going Out of Business Sales

DEPARTMENT: City Clerk

PREPARED BY: Pam Powell

PRESENTED FOR: Action Information only Discussion

RECOMMENDATION

Waive full reading, read by Title only and Introduce Bill No. 1029-C.S.; and Ordinance of the City of Eureka repealing Chapter 116: Going Out of Business Sales.

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

COUNCIL GOALS/STRATEGIC VISION

DISCUSSION

In 1959, the City of Eureka adopted Ordinance No. 2798 "Going out of Business Sales" which regulated how businesses could conduct those types of sales in the City of Eureka. At the time, there was no state or federal regulations that governed "Going out of Business Sales". The record does not reflect why the Council adopted the ordinance or if there had been concerns regarding false advertising by businesses.

The Federal Trade Commission now in effect prohibits deceptive advertising and would not allow a business to use the title of "Going out of Business" in its advertising unless the business was ceasing to operate. The State of California Business and Profession Code section 17500 also prohibits untrue or misleading advertising.

The ordinance has been difficult to enforce as many businesses are unaware of the local regulation regarding going out of business sales. Additionally, the added burden of paying for a permit by a business can be a hardship when liquidating merchandise. Staff has not received complaints regarding false advertising by businesses over the last several years and there is no documentation of any concerns by residents.

Staff reached out to Nancy Olson, President/CEO of the Greater Eureka Chamber of Commerce. Ms. Olson stated “the Chamber is all for reducing regulations, so I would support repealing this old City ordinance. Particularly since there are state and federal laws that protect consumers and other from businesses that might fraudulently state they are going out of business.”

Staff also presented the repealing of the “Going out of Business Sales” ordinance to the Eureka Main Street Board at their August 8, 2023 special meeting. The board supports staff recommendation of repealing the ordinance and allow for state and federal guidelines to regulate advertising of sales.