



new rules : retail

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Formula Retail Ordinance - Coronado, CA

SUMMARY OF APPEALS COURT DECISION ON FORMULA RETAIL ORDINANCE IN CORONADO, CA

A California Appeals Court upheld Coronado's formula retail ordinance after several property owners challenged the law. The court ruled in June 2003 that the ordinance does not violate the US Constitution's commerce and equal protection clauses, and is a valid use of municipal authority under California state law.

Most of the decision deals with the property owners' primary contention, which is that the ordinance discriminates against out-of-state companies. The court found that the law does not in fact "impose different regulations on interstate as opposed to intrastate businesses, nor does it distinguish between those businesses that are locally owned and those that are owned by out-of-state interests." The court notes the law focuses on whether the store is contractually required to have standardized features, regardless of whether it is part of a national chain or owned by a California resident.

The court further ruled that the law does not have a discriminatory purpose. The ordinance's lengthy preamble states that the city seeks to maintain a vibrant and diverse commercial district, and that the unregulated proliferation of formula businesses would frustrate this goal and lessen the commercial district's appeal. The court concludes that this is a legitimate purpose, noting that "the objective of promoting a diversity of retail activity to prevent the city's business district from being taken over exclusively by generic chain stores is not a discriminatory purpose under the commerce clause."

The court also dismissed the equal protection and state law challenges, stating that the ordinance is rationally related to a legitimate public purpose.

More:

- [Full Text of Court Decision](#) - issued June 13, 2003

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