



REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: 2020 UBCM Resolution – Cannabis Retail Tax
Revenue Sharing

File #: 1950.00

Doc #:

From: Carl Johannsen, RPP, MCIP
Director of Development Services

Date: February 19, 2020

RECOMMENDATION:

THAT City Council endorse the following resolution for submission to the 2020 Lower Mainland Local Government Association (LMLGA) Conference for consideration of endorsement and subsequent submission to the 2020 Union of BC Municipalities (UBCM) Convention for consideration of endorsement:

WHEREAS following the legalization of non-medicinal cannabis in July 2018, the Province has implemented legislation that enables local governments to regulate cannabis retail activities within their jurisdictions;

AND WHEREAS the Province has finalized a cannabis excise tax coordination agreement with the Federal Government, which includes a share of the 75% of the cannabis excise tax revenues being allocated to provinces and territories;

AND WHEREAS the Province acknowledges the strong local government interest in cannabis excise tax revenue sharing and the Province has noted it is committed to working with local governments to understand the potential costs they may experience as a result of cannabis legalization;

AND WHEREAS cannabis retail stores have been legally operating in BC local government jurisdictions since 2018 and excise tax revenues have been collected by senior governments since 2018;

THEREFORE BE IT RESOLVED that the Province commit to negotiating with local governments, through UBCM, to advance the development and

implementation of a Provincial – local government cannabis excise tax revenue sharing agreement.

PURPOSE:

To seek Council's support of a resolution to be forwarded to UBCM asking the Provincial government to negotiate and implement a cannabis retail excise tax revenue sharing agreement with local governments in British Columbia.

POLICY:

None.

COMMENTS/ANALYSIS:

As a part of cannabis legalization and enabling retail sales of non-medicinal cannabis throughout Canada, the Federal Government has agreed to provide 75 percent of cannabis sales excise tax revenues to provinces and territories. The Federal Government has also requested that provinces transfer a portion of this cannabis taxation revenue to local governments. Local governments in British Columbia, through the UBCM, have indicated a strong interest in creating a revenue sharing agreement with the Province, similar to recent agreements in Ontario and Quebec, to ensure that cannabis excise tax revenues are shared with local governments. This revenue share would then be used by local governments to help fund the additional local government resources associated with cannabis legalization.

Noting that cannabis retail sales are now underway within many local governments in British Columbia, and more local governments will have or are considering cannabis retail sales in the future, and that the Province acknowledges the strong local government interest in sharing cannabis excise tax revenues, it is timely to negotiate and implement a Provincial – local government cannabis excise tax revenue sharing agreement for British Columbia.

BUDGET IMPLICATIONS:

None at this time. If a Provincial - local government cannabis excise tax revenue sharing agreement is implemented, staff will update Council regarding potential revenue share to local governments.

ALTERNATIVES:

Council could alter the motion or choose not to support the motion.

Respectfully Submitted,



Carl Johannsen, MCIP, RPP
Director of Development Services

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer