

Type of Decision									
Meeting Date	Thursday, January 17, 2019				Report Date	Friday, January 11, 2019			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	x	Information Only			Type of Meeting	X	Open		Closed
Cannabis Retail Sales - 18/12/18/1208–amended									

**SUBJECT:**

To opt-in or opt- out of Retail Cannabis Sales in the Townships of Head, Clara and Maria.

**RECOMMENDATION:**

That Council opt-out of retail cannabis sales.

**WHEREAS** the Government of Canada has legalized the use of recreational cannabis as of October 17, 2018;

**AND WHEREAS** The Alcohol and Gaming Commission of Ontario (AGCO) is the provincial regulator authorized to grant store licences;

**AND WHEREAS** Bill 36 allows the option for lower-tier municipalities to opt-in or opt-out of allowing licensed retail cannabis stores to operate in their municipality;

**AND WHEREAS** municipalities are required to notify the AGCO, in writing, of their decision to prohibit cannabis retail stores in their jurisdiction by the established deadline of January 22, 2019;

**AND WHEREAS** municipalities will have the opportunity to opt-in at a later date if they choose to opt-out by the deadline;

**THEREFORE BE IT RESOLVED THAT** the Council of the United Townships of Head, Clara and Maria does direct staff to notify the AGCO that they will opt-out of allowing cannabis retail stores being located within the municipality.

**BACKGROUND/EXECUTIVE SUMMARY:**

Recreational cannabis was legalized on October 17, 2018 by the Federal Government. The Provincial Government regulates sales and consumption of cannabis in the province and is proceeding with a tightly regulated private retail model that is to become effective by April 1, 2019. The Alcohol and Gaming Commission of Ontario (AGCO) is the provincial regulator authorized to grant store licences. Private stores will be introduced with strict controls to safeguard children and youth and fight illegal cannabis sales. The Government of Ontario announced on December 13, 2018 that a temporary cap of 25 Retail Store Authorizations will be imposed while cannabis supply stabilizes. The Ontario Cannabis

Store (OCS) will be the exclusive wholesaler to these stores. Medical cannabis is subject to different rules than recreational cannabis.

Bill 36 allows lower-tier municipalities the option to opt-in or out of allowing licensed retail cannabis stores to operate within their municipality. The municipality has until January 22, 2019 to notify the AGCO in writing of its decision.

If the municipality opts into allowing the sales of retail cannabis, it will not be able to opt-out at a later date.

If the municipality opts out allowing the sales of retail cannabis by the January 22<sup>nd</sup> deadline, it will have the opportunity to opt back in at a future date.

If the municipality does not respond to the deadline by January 22<sup>nd</sup>, they will have opted in by default, and will not be able to opt-out in the future.

If Council chooses to opt-in to retail cannabis sales, residents in the municipality of a proposed cannabis store location have an opportunity to share their views with the AGCO before a retail store is authorized. The Registrar may refuse to authorize the store if it is in the public interest to do so. The only areas of public interest the Registrar can consider, as defined by the regulations, are related to public health and safety, protecting youth and restricting their access to cannabis, and preventing illegal activities in relation to cannabis.

## **FINANCIAL IMPLICATIONS:**

The Ministry of Finance will be providing \$40 million over the first two years to municipalities with a minimum of \$10,000 to each municipality (may be adjusted upwards based on population). Every municipality will be receiving this funding whether they opt in or opt out by the January 22 deadline. The \$10,000 (or more based on population) will be delivered in two separate payments of a minimum of \$5,000 per payment - one payment prior to the deadline and one following the deadline.

Funds in a two-tier system will be split 50/50 between the upper and lower tiers. Upper and Lower-tiers may, if they choose, construct agreements amongst themselves to adjust that split after funds are received.

Municipalities that opt in by the deadline will receive additional funds through a funding agreement between the Federal Government and the Provinces that will flow through to the municipal level.

**Municipalities that opt out will not receive additional payments beyond the initial \$10,000.**

The flow through is as follows:

Any excise taxes collected in the first two years above \$100 million by the Federal Government would be split 25/75% between the Federal Government and the Provinces respectively;

The Province would then flow (50% of that 75%) through to municipalities;

The flow of funds to lower-tier municipalities will be split between the upper and lower-tier in a 50/50 split. Once again, upper and lower-tiers may if they choose construct agreements amongst themselves to adjust that split after funds are received.

**Only lower-tier municipalities that opt in, by the January 22, 2019 deadline, will receive this funding.**

## **OPTIONS/DISCUSSION:**

1. Do not respond; in this case the municipality will be considered to be opting in by default, once the deadline passes.
2. Opt In; allowing retail cannabis sales in the municipality. Once opted in, the municipality cannot opt out at a later date. The municipality will receive the initial \$10,000 payment, and
3. Opt Out; prohibiting the sale of retail cannabis in the municipality. The municipality will have a chance to opt in at a later date if Council chooses to do so, however, the municipality will not receive the additional funding over and above the initial \$10,000 payment.

## **SUPPORTING DOCUMENTATION:**

Cannabis Fact Sheet, Retail and Other Regulations Update - Michael Barber, Media Relations/Grants Coordinator, County of Renfrew

## **OTHERS CONSULTED:**

[www.ontario.ca/page/cannabis-legalization](http://www.ontario.ca/page/cannabis-legalization)

[www.agco.ca/cannabis-retail-regulation-facts](http://www.agco.ca/cannabis-retail-regulation-facts)

Cannabis Fact Sheet, Retail and Other Regulations Update - Michael Barber, Media Relations/Grants Coordinator, County of Renfrew

<b>Approved and Recommended by the Clerk</b>
Crystal Fischer, Interim Clerk