



March 13, 2018

363881

His Worship Mayor Frank Konrad
City of Grand Forks
7217 4th Street, Box 220
Grand Forks BC V0H 1H0

Dear Mayor Konrad:

Thank you for your correspondence sent on January 18, 2018, requesting that local governments share in provincial cannabis taxation revenue. The Province appreciates the feedback that local governments and the Union of BC Municipalities (UBCM) have provided to date — this perspective is crucial to crafting effective policy and legislation that will serve British Columbians.

The Province is committed to working collaboratively with local governments in the development of a provincial cannabis regulatory framework, which is why the Joint Provincial-Local Government Committee on Cannabis Regulation was established by the B.C. government and UBCM. This committee provides an opportunity for dialogue and consultation with local governments on the development of the provincial regulatory framework. Once the regulatory framework is fully developed, the Province and local governments will be better positioned to determine incremental spending expected as a result of cannabis legalization.

The Province has reached an agreement in principle with the federal government regarding the cannabis excise tax structure and subsequent revenue sharing with the provinces. The Province is currently working collaboratively with the federal government to finalize the cannabis excise tax coordination agreement. Once the tax coordination agreement is finalized the Province will be better positioned to determine total provincial cannabis taxation revenue.

FILE CODE

RFI
WEB

Reply from Minister & ...12
M7 - Deputy Premier re Cannabis
Sales Revenue Sharing

Ministry of Finance

Office of the Minister
and Deputy Premier

Mailing Address:
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2
Telephone: 250 387-3751
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Location:
501 Belleville Street
Parliament Buildings, Victoria
website:
www.gov.bc.ca/fin

The federal and provincial governments intend to keep cannabis taxes low to support the objective of reducing illicit market activity. As such, it is expected that cannabis taxation revenues will not generate significant provincial revenues.

The Province recognizes that the legalization of cannabis will lead to additional costs for local governments. We will be able to have more informed discussions once full details of the regulatory and taxation regimes are known and governments have more certainty in terms of expected future costs and revenues.

For information updates about the provincial government's non-medical cannabis regulatory approach, please visit: <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis>.

Thank you again for taking the time to write.

Sincerely,

A handwritten signature in cursive script that reads "Carole James". The signature is written in dark ink and is positioned above the printed name and title.

Carole James
Minister and Deputy Premier

cc: Honourable Mike Farnworth, Minister of Public Safety and Solicitor General
Honourable Selina Robinson, Minister of Municipal Affairs and Housing

From: Minister, FIN FIN:EX <FIN.Minister@gov.bc.ca>
Sent: March 13, 2018 11:54 AM
To: Frank Konrad
Cc: Minister, PSSG PSSG:EX; Minister, MAH MAH:EX; Daphne Popoff
Subject: Ref 363881 Request for Equitable Cannabis Sales Revenue Sharing for Local Governments
Attachments: Request for Equitable Cannabis Sales Revenue Sharing for Local Governments.pdf; 363881 Konrad.pdf

Please find attached a letter from the Honourable Carole James, Minister of Finance and Deputy Premier.

From: Daphne Popoff [<mailto:dpopoff@grandforks.ca>]
Sent: Tuesday, January 23, 2018 9:17 AM
To: Minister, AG AG:EX
Cc: Diane Heinrich
Subject: Request for Equitable Cannabis Sales Revenue Sharing for Local Governments

Good Morning Honourable David Eby, Attorney General,

Please find attached a letter from Mayor Frank Konrad, City of Grand Forks, BC, regarding Cannabis Sales Revenue Sharing.

Thank you.

Daphne Popoff
Corporate Administrative Assistant
City of Grand Forks
250-442-8266 x 60122
www.GrandForks.ca



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THE CORPORATION OF THE CITY OF GRAND FORKS

OFFICE OF THE MAYOR

January 18th, 2018

The Honourable Selina Robinson
Minister of Municipal Affairs and Housing
Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Robinson:

Re: Cannabis Sales Revenue Sharing

With the imminent legalization of cannabis sales on a near horizon, the necessity for a formal agreement that will divide the tax revenue on cannabis sales in a fair and equitable manner is critical for local governments. From the perspective of smaller communities, such as Grand Forks, we have limited funding opportunities available for new responsibilities and could potentially be impacted by the impending changes. A Federation of Canadian Municipalities (FCM) paper states that these impacts may affect our fire services, building codes, municipal planning and development departments, in addition to business licencing and standards.

A letter sent from the Union of BC Municipalities (UBCM) in March 2017, as attached, outlines concerns related to the legalization of marijuana in Canada, and fore mostly expressed the concerns of BC municipalities that marijuana taxation revenues be fairly distributed among all levels of government, including local governments to alleviate the impending burdens.

On behalf of our City Council, we ask that you address this timely manner and present a formal and equitable funding agreement for BC municipalities.

We thank you in advance for your consideration to this urgent matter.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Konrad", is written over a light blue horizontal line.

Frank Konrad
Mayor
City of Grand Forks

cc: The Honourable David Eby, Attorney General
UBCM Municipalities

WE4 – Request for equitable Cannabis sales revenue sharing for local governments

March 16, 2017



The Honourable Suzanne Anton
Minister of Justice and Attorney General
Room 232, Parliament Buildings
Victoria, B.C. V8V 1X4

RE: Legalization of Marijuana

Dear Minister,

I write to you today regarding local government concerns related to the legalization of marijuana in Canada. BC local governments have adopted resolutions requesting direct involvement in the process to establish a regulatory approach to marijuana, and that marijuana taxation revenue be fairly distributed among all orders of government, including local governments. I would like to request a meeting at your convenience to discuss these issues, and other local government concerns that we may address through collaborative solutions.

To this point, UBCM has not been presented with an opportunity to directly engage in meaningful discussion with the provincial government regarding a framework for legal access to marijuana, and in particular a marijuana distribution framework. With federal legislation expected in the near future, it is important that local governments and the Province begin discussion on how to best prepare for the ensuing changes.

Potential costs and responsibilities related to marijuana legalization without any confirmed source of additional funding could place a large burden on local governments, who may bear substantial enforcement and oversight costs, and at this point only receive 8-10% of overall taxation revenue. Previous experience with medical marijuana has shown that, without funding, local governments face difficulties in enforcing laws, leading to the unregulated environment that exists today. As such, UBCM would greatly appreciate an opportunity to discuss the concerns of BC local governments as they pertain to marijuana legalization. Bhar Sihota, UBCM Policy Analyst, may be reached at (604) 270-8226 Ext. 114 or bsihota@ubcm.ca to arrange a meeting.

We look forward to partnering with you in the development of an effective regulatory framework for legal access to marijuana.

Sincerely,

A handwritten signature in dark ink, appearing to read "M. Krause", is written over a light-colored background.

Murry Krause
President, Union of BC Municipalities

**cc: The Honourable Peter Fassbender, Minister of Community, Sport, Cultural Development,
and Minister Responsible for TransLink**