

COUNCIL MEMBERS' MOTION

8. Aligning the Cannabis License Fee Structure to Support Vancouver Businesses

Submitted by: Councillor Bligh

WHEREAS

1. The Cannabis Act (S.C. 2018, c. 16) legalized the use of cannabis for recreational purposes, and regulated its production, distribution, sale and use federally across Canada;¹
2. The Province of British Columbia Liquor and Cannabis Regulation Branch (LCRB) is responsible for the oversight, regulation, and enforcement of private, non-medical cannabis retail within the province;²
3. The Provincial Community Safety Unit (CSU) is responsible for compliance and enforcement with respect to sales by unlicensed retailers under the Cannabis Control and Licensing Act;³
4. The Province of British Columbia requires all cannabis retailers to have a provincial retail store license that is awarded upon municipal recommendation, and involves a \$7500 application fee, a \$1500 first-year license fee, a \$1500 annual renewal fee, and a security screening renewal fee. This fee is non-refundable;⁴
5. The City of Vancouver requires all cannabis retailers to have a municipal development permit costing at least \$908 for 100 square-metres of floor space, that increases with the size of the development;⁵
6. The City of Vancouver requires all cannabis retailers to have a municipal business license, which has a fee of \$33,958 in 2020;⁶

¹ <https://www.justice.gc.ca/eng/cj-jp/cannabis/>

² <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/compliance-enforcement>

³ <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis>

⁴ <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/non-medical-cannabis-licenses/apply-non-medical-cannabis-licence/apply-for-a-cannabis-retail-store-licence>

⁵ <https://vancouver.ca/files/cov/vancouver-development-building-permit-fees.pdf>

⁶ City Staff Memorandum 'Cannabis Legalization and Retail Licensing: Costs, Revenue and Analysis', June 29, 2020

7. The license fee of \$30,000 for medical marijuana retailers was initially implemented by a 2015 bylaw amendment with the purpose of recuperating the costs of enforcement by the City on non-licensed marijuana retailers;⁷
8. The Worker Qualification Regulation of the provincial Cannabis Control and Licensing Act (CCLA) and Cannabis Distribution Act (CDA) requires all employees of cannabis retailers to have had a security verification check once every five years;⁸
9. Comparable annual business license fees in the City of Vancouver for 2020 are substantially lower than the annual fee for cannabis retail: the liquor retail store fee is \$429.00; the maximum fee for a standard hours liquor establishment is \$3,219.00; the next highest retail dealer fee is \$4,595.00 for a 50,000 sq ft premises; a Class-2 Casino license fee and the license fee for a Horse Racing Exhibition are both \$13,464.00; the Pacific National Exhibition annual license fee is \$18,856.00; and the maximum fee for an extended hours liquor establishment is \$23,525.00;⁹
10. The municipal business license fee for cannabis in comparable cities within the province are significantly less than Vancouver; Victoria requires a \$5000 business license fee and a \$7500 rezoning fee, while Kelowna requires a \$1,000 non-refundable application fee, a \$9,495 rezoning fee and an annual \$9,645 business licensing fee;¹⁰
11. Municipalities across the country are often exempted from municipal license fees where cost-sharing agreements are in place as the provincial government bears the burden of the cost of enforcement, such as cities like Toronto and Halifax;¹¹
12. Staff have stated that the fee acts as a cost recuperation measure going towards four areas: policy and regulation development, customer and operations support, retail license and review legislation, and compliance/enforcement; with the main staff cost associated with reviewing applications, while compliance/enforcement makes up the majority of costs to the City, despite being under the jurisdiction of the province;¹²

⁷ <https://council.vancouver.ca/20150624/documents/ptecbylaws.pdf>

⁸ https://www.bclaws.ca/civix/document/id/complete/statreg/214_2018

⁹ https://bylaws.vancouver.ca/4450c.PDF?_ga=2.43659749.1793961635.1607899242-792371063.1607899242&_ga=2.43659749.1793961635.1607899242-792371063.1607899242

¹⁰ <https://mugglehead.com/vancouver-retailers-pay-highest-licensing-fees-in-country/>

¹¹ <https://mugglehead.com/vancouver-retailers-pay-highest-licensing-fees-in-country/>

¹² City Staff Memorandum 'Cannabis Legalization and Retail Licensing: Costs, Revenue and Analysis', June 29, 2020

13. The extremely high size of the municipal business license fee for cannabis retailers acts as a significant barrier to entry for businesses seeking to join the legal market, which can incentivize them into operating illicitly, requiring additional enforcement and compliance costs, increasing the risk to public safety, and undermining the operations of the legal businesses who have paid the exorbitant licensing fee;
14. The cannabis retail industry is a growing market that provides high paying entry level jobs that develop essential skills, and can be an important facilitator and contributor to economic growth and employment in the city during the pandemic and pandemic recovery.¹³

THEREFORE BE IT RESOLVED THAT Council direct staff to prepare an alternate fee structure that reduces the cannabis retail license fee to better align it with other retail license fees in the City of Vancouver and support businesses seeking to enter the legal cannabis retail market, with recommendations to take effect by the next renewal of the business license fee;

FURTHER THAT the Mayor advocate to the provincial Minister of Public Safety on the need for a cost-sharing agreement for the cannabis industry that reduces the economic burden on municipalities requiring expensive cost recuperation;

FURTHER THAT the Mayor advocate to the Minister of Public Safety to increase the enforcement efforts of the Provincial Community Safety Unit against illegal cannabis retailers whose continued operation undermines the legal industry;

AND FURTHER THAT the Mayor write to the Premier and the Attorney General of British Columbia to remove the Worker Qualification Regulation of the Cannabis Control and Licensing Act and Cannabis Distribution Act, which adds undue cost and burden to cannabis retailers and their employees, and is discriminatory to those who work in the cannabis industry.

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¹³ <https://vancouversun.com/opinion/dan-baxter-b-c-cannabis-sector-has-ability-to-accelerate-economic-recovery-but-is-hampered-by-unreasonable-policies>