



REPORT

Report Date: September 24, 2021
Contact: Sarah Hicks
Contact No.: 604.873.7546
RTS No.: 14379
VanRIMS No.: 08-2000-20
Meeting Date: October 5, 2021
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Acting Chief Licence Inspector
SUBJECT: 2022 Licence Fees and Report Back on Cannabis Retail Licence Fee

RECOMMENDATION

- A. THAT Council approve in principle the following fee adjustments:
- a. A phased reduction to the cannabis retail licence fee in Schedule A of the License By-law No. 4450, starting with a fee of \$13,500 in 2022;
 - b. That staff bring forward recommendations for a reduced cannabis retail licence fee for consideration by Council in setting fees for 2023, including considerations for a cannabis retail fee of \$5,000;
 - c. The inclusion of a \$2,500 cannabis retail application fee in Schedule B of the License By-law No. 4450, to provide a recommendation on a BC Liquor and Cannabis Regulation Branch (LCRB) cannabis retail store licence application;
 - d. A 4.78% increase to the live-aboard business licence fee in Schedule A of the License By-law No. 4450 in accordance with Council policy;
 - e. A 3.8% increase to all other fees collected under the License By-law No. 4450, Vehicles for Hire By-law No. 6066 and Animal Control By-law No. 9150;
 - f. An additional 1.2% increase to the same fees collected under the License By-law No. 4450 and Vehicles for Hire By-law No. 6066 to add staff capacity to address the licensing backlog; and

- g. A \$1 increase to the adoption fees for select animals in Schedule A of the Animal Control By-law No. 9150 as described in this report;

FURTHER THAT the Director of Legal Services bring forward for enactment the necessary amendments to the License By-law No. 4450, Vehicles for Hire By-law No. 6066 and Animal Control By-law No. 9150, generally in accordance with the by-laws attached in Appendix A, B and C, to be effective January 1, 2022.

- B. THAT Council approve in principle a housekeeping amendment to the License By-law No. 4450 to align with language used by the LCRB for provisions related to person capacity at liquor serving establishments;

FURTHER THAT the Director of Legal Services bring forward for enactment the necessary amendments to the License By-law No. 4450, generally in accordance with the by-law attached in Appendix A, to be effective immediately.

REPORT SUMMARY

This report seeks Council approval for adjustments to fees collected under the License By-law, Vehicles for Hire By-law and Animal Control By-law (“licensing fees”), effective January 1, 2022. For all licensing fees with the exception of the cannabis retail fee, staff recommend an aggregate increase of 5.0%, comprising 3.8% to account for increases to the cost of existing licensing services and an additional 1.2% to support additional staff capacity to address the City’s licensing backlog.

On February 18, 2021, Council directed staff to prepare a reduced cannabis retail fee structure. To reduce the financial impact on the City, staff are recommending a phased reduction, starting with an annual licence fee of \$13,500 and a one-time application fee of \$2,500 in 2022. Staff will return to Council with a recommendation for a further reduced annual licence fee for 2023, including considerations for a substantially reduced fee of \$5,000.

Staff also recommend a housekeeping amendment to the License By-law to align language currently used in the by-law for provisions related to person capacity at liquor serving establishments with that used by the LCRB.

When recommending fees, it is important to take the City’s Service Satisfaction Survey results into consideration. As part of the annual budget process, IPSOS performs a Civic Service Satisfaction Survey which determined resident and business satisfaction with municipal services and provided insight into service priorities, including preferences to balance the budget. The results of the survey indicate that 67% of residents and 68% of businesses are willing to pay more in user fees for services.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Section 272(1)(b) of the *Vancouver Charter* authorizes Council to make by-laws “for fixing the fee for the granting of any permit or of any licence, which may be in the nature of a tax for the privilege conferred by it.”

On November 28, 1996, Council established that the most appropriate way of adjusting live-aboard licence fees would be to base the increase on the change in property taxes paid by residential taxpayers.

On February 18, 2021, Council directed staff to prepare an alternate fee structure that reduces the cannabis retail licence fee to align with other retail licence fees in the City and support businesses seeking to enter the legal cannabis retail market, with recommendations to take effect by the next renewal of the business licence fees.

Council also directed the Mayor to advocate to the Minister of Finance and the Minister of Public Safety for cannabis excise tax revenue sharing and to increase enforcement efforts of the Provincial Community Safety Unit (CSU) against illegal cannabis retailers.

The full Council Motion as approved is included in Appendix D.

On March 31, 2021, Council approved the motion “Calling for a Plan to Clear Vancouver’s Permit and Licence Backlog and Revamp this Critical City Service”, which requested staff to endeavour to substantially reduce the existing backlog of licences by the end of Q2 2022.

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

Background on business licence fees

Fees collected under the License, Vehicles for Hire and Animal Control By-laws (“licensing fees”) are primarily used to fund licensing operations, including enforcement of the aforementioned by-laws to ensure public safety and compliance with community standards. Section 272(1)(b) of the *Vancouver Charter* allows licensing fees to be in the nature of a tax. On that authority, the City can set licence fees above the cost of administering the licensing program provided the fees do not prohibit businesses. The City uses the surplus from the licensing fee program to offset the costs of other City services.

In the second half of every year, staff usually prepare an administrative report that recommends an inflationary adjustment to licensing fees. The primary reason for inflationary increases is to ensure fees remain consistent with increases to the City’s costs. If service or staffing needs change, staff may also propose a fee increase beyond cost escalation to adjust for those needs.

There were no increases to licensing fees in 2021 due to the impact of COVID-19 and in recognition of the financial challenges of many businesses. A Council Memo (attached in Appendix E) was provided in November 2020 which detailed staff’s recommendation to maintain the City’s 2020 fee levels. Holding licensing fees at 0% in 2021 resulted in lost revenue opportunity to the City. In addition, the City’s costs to deliver the licensing program increased in 2021 due to fixed cost increases. Normally, licensing fees would be increased to recover associated cost increases and ensure a balanced budget. However, given that licensing fees

were not increased in 2021 and the City was not able to balance the budget in 2021, those additional costs were funded on a one-time basis through the revenue stabilization reserve.

More than 80% of licensed businesses in Vancouver pay an annual licence fee of less than \$200. In 2020, the City issued approximately 55,100 business and vehicles for hire licences and 21,450 dog licences. Revenue from licensing fees totalled approximately \$20.3 million in 2020, with cannabis retail licence fees generating \$864,000. As of August 2021, the City has collected approximately \$20.3 million in revenue from licensing fees to date, with a budgeted total 2021 revenue of \$20.0 million. For cannabis licence fee revenue, the City has collected \$1.6 million to date, exceeding the budgeted 2021 revenue of \$1 million mainly due to higher than expected volume of cannabis retail licences.

Background on cannabis retail licence fees

Cannabis retailers are currently charged a one-time licence application fee of \$99 and an annual licence fee of \$33,958.

In July 2018, Council approved a number of amendments to the Zoning and Development By-law and License By-law that enabled the legalization of cannabis retail, including adoption of the former licence fee for Medical Marijuana Related Uses (MMRU) (\$31,824 in 2018) for the new Cannabis Retail licence type. Before the federal and provincial legalization of cannabis, the former MMRU licence fee was used to recoup significant City costs to administer MMRU licensing, including fit and proper checks, protection of minors, and legal costs for enforcement. While portions of the aforementioned processes have since been taken over by the LCRB, staff did not recommend a change to the licence fee when adopting it for cannabis retail because the City continued to incur considerable costs to fully enable the legalization of cannabis (see Appendix F for further details).

In 2019, the City did not fully recover the costs associated with implementation and operation of cannabis legalization as cannabis licensing volume was low. In 2020, the City was able to recoup most of its start-up costs and generate a small operating surplus with 34 licences. The City will continue to generate a surplus in 2021 as the number of business licences as of August 31 have increased to 53. As such, the City is now in a better financial position to consider new approaches to the cannabis retail licence fee. However, any reduction in fees must be considered in the context of the City's 2022 operating budget.

Cannabis retail enforcement

All business licence fees, including cannabis retail, fund by-law enforcement. This is similar to enforcement of the Vancouver Building By-law, which is funded through building permit fees. Vancouver Police Department (VPD) costs are not funded by licence fees as it is primarily a public benefit that is tax-funded.

The Province and City (including the VPD) have separate jurisdiction and areas of enforcement for cannabis retail, as described below:

- a) **Province:** The Community Safety Unit (CSU), under the Ministry of Public Safety and Solicitor General, enforces the *Cannabis Control and Licensing Act* (CCLA) and regulations, with a focus on curtailing the illegal sale of cannabis. It undertakes enforcement actions, including issuing tickets, seizing products, and recommending prosecution. The CSU does not have a mandate to enforce local government bylaws.

- b) **Vancouver Police Department (VPD):** The police is primarily responsible for maintaining public safety and enforcing legislation such as the federal *Cannabis Act*. This may include taking enforcement against criminal activities such as impaired driving. The CSU may also request VPD support to provide assistance to maintain the peace during an inspection, as well as if an illegal cannabis operator is known to be violent or involved in criminality that may cause public safety concerns.
- c) **City of Vancouver:** The City is responsible for enforcing its by-laws on land use and licensing. Enforcement activities include inspection of illegal retail locations by Property Use Inspectors (PUIs), issuance of orders to property owners and business operators, and referral to the City Prosecutor's Office. Staff work closely with partners in the CSU to ensure they are aware of any new illegal cannabis locations.

The City has made significant progress in closing down illegal cannabis stores since the landmark B.C. Court of Appeal ruling on May 31, 2019 which confirmed the City's land use and licensing authority.¹ However, the illicit market remains an ongoing problem as new illegal cannabis "pop ups" continue to emerge. Since 2015, more than 65 illegal stores have closed in Vancouver. As of August 31, 2021, there are eight illegal stores still operating in the city.

Civic Service Satisfaction Survey Results

As part of the annual budget process, Ipsos performed a Civic Service Satisfaction Survey. The Survey provided findings on resident and business satisfaction with municipal services, as well as service priorities including preferences to balance the budget, for the City's 2021 Civic Service Satisfaction Survey. The results of the survey indicate that 67% of residents and 68% of businesses are willing to pay more in user fees for services.

Strategic Analysis

A. Cannabis retail licence fee analysis and recommendations

Guiding principles for cannabis retail licence fees

Staff developed three key principles to guide the development of an alternative cannabis retail licence fee. These principles were developed based on the regulatory context for cannabis retail in BC, in which local governments will continue to regulate and enforce land-use and business licensing requirements, while acknowledging Council's direction to reduce the licence fee to support Vancouver's cannabis retail industry:

1. **Enable cost recovery at a minimum, including for by-law enforcement, while reducing financial impact on the City:** Given the City has recouped its cannabis legalization start-up costs and the increase in licensing volume, the City is in a better position to consider new approaches to the licence fee that at the minimum recover ongoing costs, while mitigating revenue loss to the City.
2. **Recoup the cost of application processing upfront, including applications that do not go through to completion:** While the City currently charges a \$99 application fee for assessing and providing comments on LCRB licence applications, this does not fully cover the significant staff time to process these applications. With the current fee structure, the City relies on the licence fee to make up the difference. If the application does not result in a licence, the City absorbs the cost.

¹ <https://www.bccourts.ca/jdb-txt/ca/19/01/2019BCCA0190.htm>

3. **Encourage compliance and entrance into the legal market for prospective retailers:**

Council and staff heard from many cannabis retailers that the City's high retail licence fee may be a barrier for businesses seeking to join the legal market, especially smaller retailers.

Approach in other jurisdictions

To inform recommendations for a revised cannabis retail licence fee, staff conducted a jurisdictional scan focusing on BC municipalities as they are subject to the same requirement to provide input on LCRB retail licence applications. Staff found two major approaches to cannabis retail licence fees in BC:

- a) **Flat annual fee:** A number of BC cities, including Abbotsford, Port Coquitlam and Victoria charge an annual flat fee ranging from \$1,500 to \$10,000.
- b) **Separate one-time application fees and annual licence fee:** The City of Vancouver along with a number of BC cities, including New Westminster and the City and District of North Vancouver charge separate application fees, along with an annual licence fee. The intent of this fee structure is for the application fees to recoup the one-time upfront costs, such as public notification, issuing a recommendation to the LCRB, and Council report writing (if rezoning required), while the licence fee funds ongoing costs such as enforcement, policy development and licence administration. Annual licence fees for municipalities that adopt this fee structure range from \$2,684 in New Westminster to Vancouver's \$33,958.

Staff also reviewed the cannabis retail licence fees in municipalities outside BC, which range from \$0 in Toronto to \$317 in Calgary. These municipalities are able to charge much lower licence fees than Vancouver due to differing statutory requirements on cannabis retail for local governments. For instance, municipalities in Alberta are not required to provide input on a provincial cannabis store licence application. Municipalities in Ontario do not charge licence fees as cannabis retailers are exempted from any municipal licensing requirements and they are provided a share of the cannabis excise revenue tax from the Ontario government. A summary of cannabis retail fees in other Canadian municipalities is provided in Appendix G.

Comparison of cannabis retail with other retail licence categories

Table 1 below compares the cannabis retail licence fee with the City's other retail licence fees.

Table 1: Comparison of cannabis retail licence fee with other retail licence fees

Retail licence category	2021 Licence fee
Retail dealer – standard	\$155
Retail dealer – food	\$286
Pet store	\$286
Liquor retail	\$429
Retail dealer – grocery	\$919
Retail dealer – 50,000 sq. ft. premise	\$4,595
Cannabis retail	\$33,958

Staff have heard from cannabis retailers that their licence fees should be set at, or comparable, with the City's other retail licence fees, especially liquor retail. However, there are a number of statutory and process requirements unique to cannabis retail that justify a higher fee:

- **Requirement for COV input for LCRB cannabis retail licences:** Acquiring a municipal cannabis retail licence is a multi-step process due to the requirement for a LCRB licence and for local governments to provide comment on said LCRB licence application. This

necessitates staff to have multiple touchpoints with the LCRB and licence applicant in order to process a licence application. In contrast, no such requirements apply for other retail licence types, which makes those applications relatively straightforward. While liquor retail stores also require a LCRB licence, there is no requirement for municipalities to comment on its application. This is a significant process difference between liquor and cannabis retail;

- ***Complexity and staffing model for cannabis retail:*** The requirement for provincial input adds complexity to a cannabis retail application, which requires staff who focused on cannabis retail. In contrast, other retail licence applications including for liquor retail, are processed by clerical staff who also work on the City's other business licence types.
- ***Different enforcement needs:*** As previously mentioned, new illegal cannabis retail "pop-up" stores remain an ongoing problem that necessitate dedicated enforcement from the Province and City. In contrast, the City has had no significant issues with other retailers, including liquor stores operating without the necessary permits and/or business licences.
- ***Moratorium on new liquor retail licences:*** The LCRB has a moratorium on new liquor store licence applications that is in effect from January 2012 to July 1, 2022. An existing LCRB licence holder in Vancouver or from another municipality may move within and to Vancouver respectively with provincial approval, for which the City may issue a municipal liquor retail store licence. However, such applications are few with the City only issuing two and three new liquor retail store licences in 2019 and 2020, compared to 16 and 18 new cannabis retail licences during the same time.
- ***Cannabis is a new and evolving industry:*** The federal and provincial regulatory framework for cannabis retail is still new and evolving, which requires ongoing staff research, participation and response from the City.

Setting the cannabis retail fee arbitrarily at the same rate as other retail licence categories, especially liquor retail, would result in the inability to recover costs as well as a significant decrease to revenue requiring the City to increase property taxes, increase other business licence fees and/or other City revenue to offset the losses.

Cannabis retail, costs licence fee option analysis and recommendation

The City looks at total Business Licence revenues and costs on a program level (there are approximately 100 different types of Business Licences). The City does not budget revenue and costs at the individual licence fee level however approximate costs associated with cannabis retail licences show a reduction from about \$660,000 in 2019 to approximately \$276,000 forecasted for 2021. These costs do not include any VPD cannabis related costs.

The City's annual cannabis retail program costs have decreased since 2019 for the following reasons:

- Staff incurred considerable one-time costs in 2019 and 2020 to amend City by-laws to enable cannabis retail, and create processes for issuing cannabis licences and enforcement, which have mostly been recouped;
- With the City successfully shutting down 65 illegal cannabis stores, staff have gradually reduced the amount of resources required for enforcement, including inspection by by-law officers and legal costs; and

- As part of the work to reduce the cannabis retail licence fee, staff have implemented efficiencies in the licensing process, with the aim of reducing staff time and costs while providing ongoing support for licence applicants.

For the purposes of calculating a revised fee structure that would ensure the cost recovery at minimum as well as revenue loss mitigation, staff utilized a set of assumptions regarding future costs growth, the number of LCRB recommendations per year, and the number of licensed cannabis stores per year. In line with the guiding principle to fully recoup the City's upfront costs to provide a recommendation on a LCRB licence application, **staff recommend an increase to the one-time application fee from \$99 to \$2,500**. An application fee of \$2,500 compares quite competitively with other BC jurisdictions, as illustrated in Figure 1 below.

Table 2 on Page 9 shows options for the annual licence fee in 2022, in comparison to budgeted revenue of \$1 million in 2021 and potential revenue in 2022 should current fees be retained. If the City held cannabis licence fees at current rates and given 2022 projected licensing volume, budgeted revenue would grow to \$2.4 million compared to \$1 million in 2021. Staff calculated that an annual licence fee of \$13,500 (Option B) would ensure no revenue loss in 2022 relative to 2021 budget of \$1 million, but would require the City to forego \$1.4 million in potential additional revenue if current fees were retained. A fee of \$13,500 also remains high in comparison with other BC jurisdictions. In contrast, a fee of \$5,000 (Option E) would recover costs and align the City with other BC jurisdictions, but would result in an immediate revenue loss of \$600,000 against the 2021 budget.

Given these factors, **staff recommend a phased approach to reducing the City's cannabis licence fee structure, consisting of:**

- A one-time application fee of \$2,500;**
- An interim annual licence fee of \$13,500 in 2022; and**
- For Council to direct staff to bring recommendations for a further reduced 2023 cannabis licence fee, including considerations for a licence fee of \$5,000.**

A phased approach would mitigate the revenue loss to the City while gradually aligning Vancouver with other BC jurisdictions. If the recommendation and proposed by-law amendment are approved by Council, the proposed fee structure will come into effect on January 1, 2022. All existing cannabis retailers who renew their licences will pay a fee of \$13,500 for 2022, whereas new retailers in 2022 will pay a one-time application fee of \$2,500 and a licence fee of \$13,500 that is pro-rated based on the time of year the licence was obtained.

Figure 1: One-time cannabis retail application fees in select BC jurisdictions

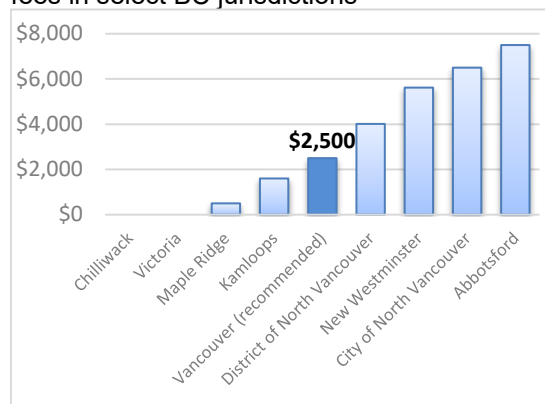


Figure 2: Annual cannabis retail licence fees in select BC jurisdictions

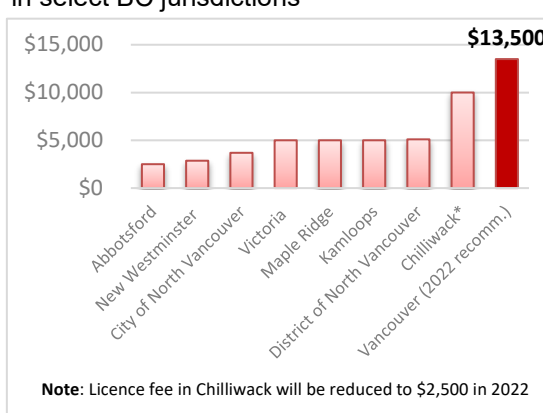


Table 2: Options for 2022 cannabis retail licence fee²

	Status quo	Option A	Option B	Option C	Option D	Option E
Fee amount	\$33,958	\$17,000	\$13,500	\$10,000	\$7,000	\$5,000
Estimated 2022 revenue	\$2,400,000	\$1,267,000	\$1,000,000	\$760,000	\$542,000	\$400,000
Comparison with budgeted 2021 revenue (\$1 million)	\$1,400,000	\$267,000	\$0	-\$230,000	-\$458,000	-\$600,000
Comparison with potential revenue in 2022 if current fees retained (\$2.4 million)	\$0	-\$1,133,000	-\$1,400,000	-\$1,640,000	-\$1,858,000	-\$2,000,000

Input from cannabis retail industry

Staff conducted a series of stakeholder consultation sessions in June and September to gather feedback on options and other concerns on cannabis retail licensing. In all, 41 stakeholders participated representing 27 licensed stores, 11 Development Permit holders who are still working through the licensing process, and four cannabis advocacy groups and consulting firms.

Overall, stakeholders were appreciative of a reduction in the annual licence fee but disagreed with the phased approach to fee reduction, including the recommended interim fee of \$13,500 in 2022. Many stakeholders further felt it was inequitable for cannabis retailers to continue paying a licence fee higher than other retail licences. A more detailed summary of the stakeholder feedback is provided in Appendix H.

Many long-time licensed retailers, especially those licensed under the former MMRU framework, strongly expressed the desire for a fee refund as credit for past compliance should the City reduce the cannabis retail licence fee. As the City was not recovering costs in 2019 and only generated a small surplus in 2020, staff would not recommend a refund, and is not required to do that. Issuing a refund to existing retailers could require increases to property taxes and/or business licence fees for other licence categories, to offset the revenue impact, thereby creating inequities for City residents and other business types.

Update on provincial advocacy for cannabis excise tax revenue sharing

As directed by Council, Mayor Stewart wrote to the Minister of Finance in April 2021 requesting the Province to enter into an agreement with the City for cannabis excise tax revenue sharing to offset incremental local government costs. A separate letter was also sent to the Minister of Public Safety and Solicitor General reiterating the need for revenue sharing and also request an increase to enforcement efforts by the CSU against illegal cannabis retailers. A copy of both letters is attached in Appendix I and J.

On May 14, 2021, the Minister of Finance responded to the City's letter stating the initial target for cannabis sales have yet to be realized and the cost of establishing the provincial regulatory framework remains in place. There is no indication that the Province will enter into a revenue-sharing agreement with municipalities. A copy of the Minister's letter is attached in Appendix K. Staff will continue to advocate for revenue sharing through intergovernmental channels including the Union of BC Municipalities (UBCM).

B. 2022 Licensing Fees Analysis and Recommendations**Increase to the cost of existing licensing services**

² Revenue calculations in Table 2 included revenue from application fees.

On June 11, 2021, the City ratified a new collective agreement with CUPE Local 15 providing for wage increases of 2% each year in 2020 to 2022. As the City's licensing services are primarily carried out by CUPE Local 15 unionized staff, staff are projecting an increase of \$602,000 to the cost of existing licensing services.

Additional staffing to address the licence application backlog

On March 31, 2021, Council approved the Motion "Calling for a Plan to Clear Vancouver's Permit and License Backlog and Revamp this Critical City Service," which directed staff to report back on a bi-monthly basis with recommendations and updates. The first report back was provided on June 8, 2021.³

The City faces a long-standing backlog of new licence applications and queries, creating upwards of a 16 week delay in review of applications with an estimated 2,500 applications awaiting review. The reason for this backlog is manifold. Addition of new conditions to permitting and licensing that achieve Council priorities have made it lengthier for staff to process new licence applications. At the same time, the volume of licensing applications has gone up, with new applications (excluding short-term rentals) increasing by 20% from 2014 to 2019. This is exacerbated by the historically low-level of licensing staff due to a combination of factors including attrition and fiscal constraints due to COVID-19 through 2020. All licences issued by the City expire on December 31st of every year and need to be renewed, which creates peak demand for licensing-related services between the months of November and February.

In order to build much needed capacity within licensing and address the existing backlog of licence applications by the end of Q2 2022 as directed by Council, staff recommend the following additional positions to be funded through fees collected under the License By-law and Vehicles for Hire By-law:

- The regularization of three existing temporary full-time licensing clerk positions; and
- The addition of two new temporary seasonal full-time support clerks to assist with business licence renewal related volume.

This recommended staffing investments will enable the City to more expeditiously review and input business licences and respond to business-related inquiries from the public, which would reduce instability and uncertainty for businesses already facing hardships due to COVID-19. The total cost of these staff additions including benefits is \$224,000.

Recommended licensing fee increase for 2022

Based on the aforementioned new staffing additions and the wage impact from collective bargaining, staff are recommending an increase to licence fees to generate new revenue of \$944,000. The revenue increase will fund \$602,000 in existing cost increase along with \$224,000 in additional staffing for licensing services in 2022. The remaining \$118,000 will be used to partially recover a projected reduction in revenue associated with a decrease in license renewals, as compared to pre-pandemic levels.

To achieve the above revenue increase of \$944,000, **staff are recommending a 5% increase to fees collected under the License By-law and Vehicles for Hire By-law**, which is comprised of the following:

³ RTS 14478, "Internal Development Application and Permitting Modernization Task Force – First Bi-Monthly Update."
<https://council.vancouver.ca/20210608/documents/p1.pdf>

- a) A 3.8% increase to offset existing fixed cost increase and to partially recover licensing revenue to 2020 levels; and
- b) A 1.2% increase to regularize three existing temporary full-time licensing clerk positions and add two new seasonal temporary full-time licensing clerks to address the licensing backlog.

If approved by Council, a 5% increase to business licence fees would amount to an average annual increase of approximately \$10 as more than 80% of businesses in Vancouver pay an annual licence fee of under \$200.

For most fees collected under the Animal Control By-law, **staff recommend a 3.8% increase** to offset program costs. This recommended fee increase will not apply to the adoption fees of select animal species listed in Table 3 on page 11. Because of the low dollar amounts, these fees have not met the threshold to receive previously Council-approved inflationary increases to animal control fees. **For the animal control fees in Table 3, staff are recommending a \$1 increase** to reflect CPI increases in previous years and 2022.

Table 3: Adoption and impound fees of select animal species

Animal Control fee type	Current fee	Year of last increase	Recommended fee for 2022
Adoption fee – Finch and Budgie	\$10	2014	\$11
Adoption fee – Mouse, Rat, Hamster, Gerbil and Degu	\$5	2010	\$6
Adoption Fee – Chicken, Rooster, Duck, Pigeon and Dove	\$5	2010	\$6
Licence Fee – Replacement Tag	\$5	2005	\$6

Recommended live-aboard licence fee increase

Since 1974, the City has levied a licence fee on marina operators for each live-aboard boat moored at a marina. The purpose of the licence fee is to ensure marina operators who permit residents to live aboard their boats contribute to the provision of municipal services in a manner similar to Vancouver residents who occupy assessable real property and pay property taxes.

Boats used for live-aboard purposes are not a defined class under the *Assessment Act*. Council policy from 1996 has been to base the licence fee on the length of the boat at waterline, with the fee adjusted annually based on the increase to the municipal general purpose tax levied on the residential property class in the previous year. As the increase to the residential property tax was 4.78% in 2020, **staff are recommending a 4.78% increase to marina operator licence fees consistent with Council policy**, as presented in Table 4 below.

Table 4: Live Aboard Licence Fee Recommendations

Length of boat at waterline	2021 Licence Fee	Recommended 2022 Licence Fee
21 feet or less	\$1,452	\$1,521
More than 21 feet to 26 feet	\$1,757	\$1,841
More than 26 feet to 31 feet	\$1,979	\$2,074
More than 31 feet to 37 feet	\$2,256	\$2,364
More than 37 feet	\$2,489	\$2,608

C. Housekeeping amendment to the License By-law

The LCRB has transitioned from using the terms “patron capacity” and “seating capacity” to “person capacity” for the capacity limits it sets on Provincial Liquor Primary licences. Staff recommend that the License By-law terms “seating capacity” and “number of seats” should be

updated to align with the LCRB for provisions relating to liquor serving establishments. This change will not impact licence holders.

Implications/Related Issues/Risk

Financial

Cannabis Fees and Financial Implications

Reducing cannabis fees from existing rates (\$33,958 licence fee and \$99 application fee) to 2022 proposed rates (\$13,500 annual licence fee and \$2,500 application fee) results in a lost revenue opportunity in 2022 of approximately \$1.4 million given projected volume, but will generate a revenue of \$1 million that is roughly equal to 2021 budgeted revenue.

Staff will report back to Council with a recommendations for a further reduced licence fee for 2023. This needs to be reviewed in the context of the 2023 Operating Budget process and projected licensing volume in 2023 to determine revenue impact against the 2023 Operating Budget as a whole.

Other Business Licence Fees and Financial Implications

A \$944,000 increase to licensing fee revenue over the 2021 Budget is required to recover increases to the cost of existing licensing services (\$602,000), additional staffing to address application backlog (\$224,000), and to partially recover licensing fee revenue to 2020 levels (\$118,000). To achieve the aforementioned revenue increases, staff are recommending a 5.0% increase to fees collected under the License By-law and Vehicles for Hire By-law, which is comprised of the following:

- c) A 3.8% increase to offset existing fixed cost increase and to partially recover licensing revenue to 2020 levels; and
- d) A 1.2% increase to regularize three existing temporary full-time licensing clerk positions and add two new seasonal temporary full-time licensing clerks to address the licensing backlog.

CONCLUSION

Staff are recommending the following fee adjustments, to take effect on January 1, 2022:

- a) A phased reduction to the annual cannabis retail licence fee to mitigate the fiscal impact from the loss of revenue and maintain balanced budget without property tax increases, starting with an annual licence fee of \$13,500 in 2022;
- b) That staff will return to Council with a recommendations for a further reduced cannabis retail licence fee for 2023, including considerations for a substantially reduced fee of \$5,000;
- c) An increase to the one-time cannabis retail application fee from \$99 to \$2,500 to recover the City's upfront cost to provide input on a LCRB cannabis retail licence application;
- d) A 5.0% increase to revenues collected under the License By-law and Vehicles for Hire By-law that comprise of (1) a 3.8% increase to offset existing fixed cost increase and to partially recover to 2020 levels, and (2) a 1.2% increase to regularize existing temporary full-time licensing clerks and add new seasonal licensing clerks to address the licensing backlog;
- e) A 4.78% increase to live-aboard licence fees commensurate with Council policy;
- f) A 3.8% increase to most fees collected under the Animal Control By-law to offset program costs; and

- g) A \$1 increase to the adoption fees of select animal species to account for previous years of CPI increases.

Further, staff recommend a housekeeping amendment to the License By-law to align language currently used in the bylaw for provisions related to person capacity at liquor serving establishments with that used by the LCRB.

* * * * *

DRAFT

Note: A By-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

BY-LAW NO.

**A By-law to amend License By-law No. 4450
Regarding 2022 Fee Increases and Housekeeping Amendments**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated schedules of the License By-law.
2. In section 2, in the following definitions, Council strikes out “seating capacity” and substitutes “person capacity”:
 - (a) Extended Hours Liquor Establishment – Class 1;
 - (b) Extended Hours Liquor Establishment – Class 2;
 - (c) Extended Hours Liquor Establishment – Class 3;
 - (d) Extended Hours Liquor Establishment – Class 4;
 - (e) Extended Hours Liquor Establishment – Class 5;
 - (f) Extended Hours Liquor Establishment – Class 6;
 - (g) Standard Hours Liquor Establishment – Class 1;
 - (h) Standard Hours Liquor Establishment – Class 2;
 - (i) Standard Hours Liquor Establishment – Class 3;
 - (j) Standard Hours Liquor Establishment – Class 4;
 - (k) Standard Hours Liquor Establishment – Class 5; and
 - (l) Standard Hours Liquor Establishment – Class 6.
3. In section 4(14), Council:
 - (a) strikes out “Despite the maximum seating capacity” and substitutes “Despite the maximum person capacity”; and
 - (b) strikes out “increase in the seating capacity” and substitutes “increase in the person capacity”.
4. In section 9A.2(4), Council strikes out “Part 1 of Schedule B” and substitutes “Part 2 of Schedule B”.
5. Council:
 - (a) repeals Schedule A, and substitutes for it Schedule A attached to this By-law, which new Schedule A is to form part of the License By-law; and
 - (b) approves the fees set out in the new Schedule A.

Year 2022 Business License Fees

BUSINESS LICENSE FEES

	<u>Licence Term</u>	<u>Licence Fee</u>
Adult Entertainment Store	Per annum	\$404.00
Amusement Park	Per annum	\$5,972.00
Animal/Veterinary Hospital	Per annum	\$300.00
Antique Dealer	Per annum	\$163.00
Apartment Building	Per annum per dwelling unit (EXCEPT that a dwelling unit that is actually occupied by the owner of the premises, or a dwelling unit that is leased for 99 years or more and the lessee is eligible for and has received the Provincial Home Owner Grant for the preceding year, shall not be included in the calculation of the fee payable)	\$80.00
Arcade, Exhibit or Shooting Gallery	Per annum	\$404.00
Artist Live/Work Studio	Per annum	\$163.00
Arts and Culture Indoor Event		
(a) 31 to 60 persons	Per event or series of up to 3 events in a 30-day period	\$29.00
(b) 61 to 150 persons	Per event or series of up to 3 events in a 30-day period	\$117.00

	<u>Licence Term</u>	<u>Licence Fee</u>
(c) 151 to 250 persons	Per event or series of up to 3 events in a 30-day period	\$174.00
Auto Dealer	Per annum	\$196.00
Auto Paint/Body Shop	Per annum	\$163.00
Auto Parking	Per annum	\$163.00
Auto Washing	Per annum	\$163.00
Backyard Pay Parking	Per annum for the first 2 spaces, and: For each additional space	\$150.00 \$65.00
Bank Machine	Per annum	\$65.00
Barber Shop or Beauty Salon	Per annum	\$297.00
Beauty and Wellness Centre	Per annum	\$382.00
Bed and Breakfast Accommodation	Per annum	\$55.00
Billiard-Room Keeper	Per annum	\$326.00
Body-Rub Parlour, Body-Painting Studio & Model Studio	Per annum	\$12,350.00
Book Agent	Per annum	\$196.00
Bottle Depot	Per annum	\$196.00
Bowling Alley	Per annum	\$300.00
C.N.I.B. Concession Stand	Per annum	\$1.00
Canvasser	Per annum	\$163.00
Carpet/Upholstery Cleaner	Per annum	\$196.00
Casino- Class 1	Per annum	\$315.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Casino - Class 2	Per annum	\$14,137.00
Caterer	Per annum	\$432.00
Chimney Sweep	Per annum	\$196.00
Club	Per annum	\$11.00
Club Manager	Per annum	\$163.00
Coin-Operated Services	Per annum	\$432.00
Community Association	Per annum	\$2.00
Compassion Club	Per annum	\$1,189.00
Contractor	Per annum	\$196.00
Courier/Messenger	Per annum	\$163.00
Dairy Delivery Services	Per annum	\$432.00
Dance Hall	Per annum	\$326.00
Dancing Academy	Per annum	\$196.00
Dating Service	Per annum	\$196.00
Donation Bin	Per annum	\$163.00
Dry Cleaner	Per annum	\$163.00
Duplex	Per annum for each dwelling unit (EXCEPT that no licence is required for a dwelling unit that is actually occupied by the owner of the premises)	\$78.00
Dwelling Unit that a person rents, intends to rent, or customarily rents to a tenant except for a dwelling unit for which a fee is payable under another part of this Schedule A	Per annum	\$78.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Electrician	Per annum	\$163.00
Exhibition		
(a) Circus or Rodeo EXCEPT that where the Circus or Rodeo is to be held entirely within a permanent building, the fee shall be	Per day Per week Per annum	\$184.00 \$371.00 \$3,479.00
(b) Horse Racing	Per annum	\$14,137.00
(c) Automobile or Motorcycle Racing	Per day Per week Per annum	\$184.00 \$371.00 \$1,415.00
(d) Concert, lecture or a musical or theatrical performance staged or promoted by a person not holding a licence, where the capacity of the facility:		
(A) does not exceed 500 seats	Per day Per week Per annum	\$163.00 \$318.00 \$3,479.00
(B) is greater than 500 seats but does not exceed 1000 seats	Per day Per week Per annum	\$184.00 \$371.00 \$3,260.00
(C) is greater than 1000 seats but does not exceed 2000 seats	Per day Per week Per annum	\$217.00 \$432.00 \$4,347.00
(D) exceeds 2000 seats	Per day Per week Per annum	\$250.00 \$491.00 \$5,006.00
EXCEPT that where no part of the proceeds from any event listed in (c) or (d) enures to the benefit or private gain of any person or proprietor or member thereof or shareholder therein, or to the person or persons organizing or managing such event, the fee shall be:	Per day Per week	\$45.00 \$55.00

	<u>Licence Term</u>	<u>Licence Fee</u>
	Per annum	\$2,175.00
(e) Boxing, wrestling, game, show, contest or any other exhibit, performance or device not hereinbefore specifically mentioned	Per day	\$185.00
	Per week	\$371.00
	Per annum	\$3,260.00
Extended Hours Liquor Establishment	Per annum per person based on the person capacity set out on the Provincial liquor licence for the establishment, except that despite the number of persons, the:	\$18.30
	Minimum fee will be:	\$163.00
	and the	
	Maximum fee will be	\$24,701.00
Family Sports and Entertainment Centre	Per annum	\$387.00
Farmers' Market	Per annum	\$11.00
Financial Institution	Per annum	\$1,654.00
Fitness Centre – Class 1	Per annum	\$163.00
Fitness Centre – Class 2	Per annum	\$300.00
Fund Raiser	Per annum	\$196.00
Gasoline Station	Per annum	\$243.00
Hair Stylist	Per annum per chair	\$163.00
Hairdresser	Per annum per chair	\$163.00
Health Care Office	Per annum	\$163.00
Health Enhancement Centre	Per annum	\$301.00
Homecraft	Per annum	\$82.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Hotel	Per annum, plus	\$82.00
	Per annum per dwelling unit	\$78.00
	Per annum per housekeeping unit	\$57.00
	Per annum per sleeping unit	\$38.00
Inter-municipal Business Licence	Per annum	\$250.00
Inter-municipal TNS Business Licence	Per annum, plus	\$155.00
	For each vehicle except for accessible passenger directed vehicles and zero emission vehicles, plus	\$150.00
	For each zero emission vehicle	\$30.00
Janitor Service	Per annum	\$196.00
Junk Dealer, Mobile	Per annum	\$163.00
Kennel	Per annum	\$163.00
Late Night Dance Event		
(a) with patron capacity of less than 350	Per event	\$354.00
(b) with patron capacity of 350 or more but less than 750	Per event	\$621.00
(c) with patron capacity of 750 or more but less than 2000	Per event	\$1,063.00
(d) with patron capacity of 2000 or more	Per event	\$1,415.00
Laundry (with equipment)	Per annum	\$300.00
Limited Service Food Establishment	Per annum	\$586.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Liquor Delivery Service	Per annum	\$196.00
Liquor Retail Store	Per annum	\$450.00
Livery and Feed Stables	Per annum	\$300.00
Locksmith	Per annum	\$196.00
Manufacturer	Per annum	\$163.00
Manufacturer – Food	Per annum	\$847.00
Marina Operator	Per annum, plus	\$324.00
	For each occupied live-aboard boat 21 feet or less in length, at water line, plus	\$1,521.00
	For each occupied live-aboard boat more than 21 feet but not more than 26 feet in length, at water line, plus	\$1,841.00
	For each occupied live-aboard boat more than 26 feet but not more than 31 feet in length, at water line, plus	\$2,074.00
	For each occupied live-aboard boat more than 31 feet but not more than 37 feet in length, at water line, plus	\$2,364.00
	For each occupied live-aboard boat which is more than 37 feet in length at water line.	\$2,608.00
Milk Vendor	Per annum	\$300.00
Moving Transfer Service	Per annum	\$163.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Multiple Conversion Dwelling	Per annum per dwelling unit	\$78.00
	Per annum per housekeeping unit	\$57.00
	Per annum per sleeping unit (EXCEPT that a dwelling unit, sleeping unit or housekeeping unit that is actually occupied by the owner of the premises shall not be included in the calculation of the fee payable)	\$38.00
Newspaper Vending Machine	Per annum per machine	\$43.00
Non-Profit Housing	Per annum	\$163.00
One-Family Dwelling which is leased to and occupied by persons other than the building's owner	Per annum	\$78.00
Pacific National Exhibition – Annual Fair	Per annum	\$19,799.00
Painter	Per annum	\$163.00
Passenger Directed Vehicle Services excluding transportation network services providers providing transportation network services under an inter-municipal TNS business licence	Per annum, plus	\$163.00
	For each vehicle except for accessible passenger directed vehicles and zero-emission vehicles	\$105.00
Pawnbroker	Per annum	\$2,512.00
Peddler	Per annum	\$163.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Peddler- Food	Per annum	\$300.00
Personal Care Home	Per annum per licenced bed	\$38.00
Pet Store	Per annum	\$300.00
Plumber	Per annum	\$163.00
Property Manager	Per annum	\$163.00
Psychic or Astrological Service	Per annum	\$163.00
Public Bike Share	Per annum	\$2,573.00
Public Market Operator	Per annum	\$1,673.00
Public Market Operator who operates on a temporary basis only	Per day	\$589.00
Rental Dealer	Per annum	\$163.00
Residential Rental Unit	Per annum	\$78.00
Restaurant - Class 1	Per annum	\$847.00
Restaurant – Class 1 with Liquor Service	Per annum, plus	\$847.00
	Per annum per person, based on the person capacity set out on the Provincial liquor licence for the restaurant	\$10.90
Restaurant - Class 2	Per annum	\$847.00
Restaurant – Class 2 with Liquor Service	Per annum, plus	\$847.00
	Per annum per person, based on the person capacity set out on the Provincial liquor licence for the restaurant	\$10.90

	<u>Licence Term</u>	<u>Licence Fee</u>
Retail Dealer	Per annum	\$163.00
Retail Dealer – Food	Per annum	\$300.00
Retail Dealer – Grocery	Per annum	\$965.00
Retail Dealer – Market: 50,000 sq. ft. premises	Per annum	\$4,825.00
Retail Dealer – Cannabis	Per annum	\$13,500.00
Rooming House	Per annum per sleeping unit (EXCEPT that a sleeping unit that is actually occupied by the owner of the premises shall not be included in the calculation of the fee payable)	\$38.00
Scavenger	Per annum	\$326.00
Schools – Business or Trade	Per annum	\$300.00
Schools – Private	Per annum	\$300.00
Scrap Metal Recycler	Per annum	\$163.00
Secondhand Dealer - Class 1	Per annum	\$2,512.00
Secondhand Dealer - Class 2	Per annum	\$1,379.00
Secondhand Dealer - Class 3	Per annum	\$952.00
Secondhand Dealer - Class 4	Per annum	\$360.00
Secondhand Dealer - Class 5	Per annum	\$360.00
Secondhand Dealer - Class 6	Per annum	\$592.00
Short Term Rental Operator	Per annum	\$104.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Social Escort	Per annum	\$196.00
Social Escort Service	Per annum	\$1,460.00
Soliciting for Charity	Per annum	\$11.00
Specialty Wine Store	Per annum	\$300.00
Standard Hours Liquor Establishment – Class 1; Standard Hours Liquor Establishment – Class 2; Standard Hours Liquor Establishment – Class 3; Standard Hours Liquor Establishment – Class 4; and Standard Hours Liquor Establishment – Class 5 Standard Hours Liquor Establishment – Class 6;	Per annum per person based on the person capacity set out on the Provincial liquor licence for the establishment, except that despite the person capacity, the: Minimum fee will be: and the Maximum fee will be:	\$6.70 \$163.00 \$3,380.00
Standard Hours Liquor Establishment – Class 7; and Standard Hours Liquor Establishment – Class 8	Per annum per person based on the person capacity set out on the Provincial liquor licence for the establishment, except that despite the person capacity, the: Minimum fee will be: and the Maximum fee will be:	\$6.70 \$163.00 \$575.00
Steam Bath/Massage Parlour	Per annum	\$326.00
Street Vendor	Per annum	\$163.00
Swimming Pool located in a hotel, apartment building, club, health spa or other business required to be licenced under this By-law	Per annum	\$869.00
Talent/Model Agency	Per annum	\$195.00
Tanning/Skin Care Salon	Per annum	\$300.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Tattoo Parlour	Per annum	\$300.00
Taxicab Premises	Per annum	\$163.00
Theatre	Per annum	\$300.00
Trailer Court	Per annum per space	\$274.00
Transient Peddler or Transient Trader	Per week, or Per annum	\$804.00 \$3,913.00
Undertaker	Per annum	\$300.00
Urban Farm – Class A	Per annum	\$11.00
Urban Farm – Class B	Per annum	\$163.00
Vending Machine	Per annum per machine	\$20.00
Venue	Per annum per person, based on the person capacity set out on the Provincial liquor licence for the venue, except that despite the person capacity, the: Minimum fee will be: and the Maximum fee will be:	\$6.70 \$78.00 \$522.00
Warehouse Operator	Per annum	\$163.00
Warehouse Operator – Food	Per annum	\$432.00
Wedding Chapel	Per annum	\$424.00
Wholesale Dealer	Per annum	\$163.00
Wholesale Dealer – Food	Per annum	\$432.00
Window Cleaner	Per annum	\$163.00

	<u>Licence Term</u>	<u>Licence Fee</u>
Any Business, Trade, Profession or other occupation not specified herein	Per annum	\$163.00
Transfer of a Licence		\$163.00
Non-Refundable Portion of Fee	Per licence where the applicable fee is greater than \$98.00	\$98.00
Late Payment Fee		\$40.00 or 10% of the original license fee, whichever is greater

SCHEDULE B

MISCELLANEOUS SERVICE FEES

PART 1

Application fees for comments on a new liquor licence or a permanent amendment to a liquor licence:

Base fee	\$1,041.00
Incremental Fees:	
<input type="checkbox"/> Neighbourhood notification	\$1,251.00
<input type="checkbox"/> Staff-held neighbourhood public meeting	\$2,153.00
<input type="checkbox"/> Telephone survey	\$1,178.00

PART 2

Application fees for comments on a temporary amendment to a liquor licence:

Application fee for comments on a temporary amendment to liquor licence requesting later closing hours of operation	Per night per seat except that, despite the number of seats or the number of nights, the	\$0.50
	Minimum fee will be:	\$104.00
	and the	
	Maximum fee will be:	\$695.00
Fee for assessing and providing comments on an application for a temporary amendment to a liquor license, other than a food primary license, requesting earlier opening hours of operation		\$104.00
Fee for assessing and providing comments on an application for a temporary amendment to a liquor license requesting any other change to a liquor license, excluding applications to temporarily expand an applicant's service area until October 31, 2021		\$104.00
Fee for assessing and providing comments on an application for a permanent or temporary amendment to a food primary license requesting liquor service hours past midnight, or a temporary amendment to a food primary license requesting patron participation entertainment		\$104.00

Fee for assessing and providing comments on an application to issue or amend a cannabis licence	\$2,500.00
---	------------

PART 3
Miscellaneous Fees and Charges

Application fee (s. 6.3)	\$63.00
Request for copy of licence (s. 7.1)	\$5.00
Request for change of business name or business trade name (s. 7.2)	\$11.00
Request for change of business address under licence (s. 7.3)	\$26.00
Request for change in business licence category (s. 7.4)	\$11.00
Temporary licence fee for standard hours liquor establishment (s. 19.2A)	\$104.00

DRAFT

Note: A By-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

BY-LAW NO.

**A By-law to amend Vehicles for Hire By-law No. 6066
Regarding 2022 Fee Increases**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated schedules of the Vehicles for Hire By-law.
2. Council:
 - (a)
 - (a) repeals Schedule A, and substitutes Schedule A attached to this By-law; and
 - (b) approves the fees set out in the new Schedule A.
3. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.
4. This By-law is to come into force and take effect on January 1, 2022.

ENACTED by Council this day of , 2021

Mayor

City Clerk

SCHEDULE A

Year 2022 Vehicles for Hire License Fees

A classification of carriers and respective license fees payable by such person.

The following license fees are payable by every person owning or operating any of the following vehicles for hire in the City of Vancouver:

Airport Shuttle Bus	Per annum for each vehicle	\$97.00
Airport Transporter	Per annum for each vehicle	\$202.00
Charter Bus	Per annum for each vehicle	\$202.00
Charter Van	Per annum for each vehicle	\$202.00
Courier Bicycle	Per annum for each vehicle	\$22.00
Driver Instruction Vehicle	Per annum for each vehicle	\$202.00
Horse-Drawn Carriage	Per annum for each vehicle	\$664.00
Motor Stage	Per annum for each vehicle	\$202.00
Pedicab	Per annum for each vehicle	\$202.00
For each person operating a leased vehicle on a daily fee basis	Per annum	\$14.00
School Cab	Per annum for each vehicle	\$202.00
School Shuttle Van	Per annum for each vehicle	\$202.00
Tow Truck	Per annum for each vehicle	\$202.00
U-Drive	Per annum for each vehicle with 4 or more wheels	\$56.00
	Per annum for each vehicle with less than 4 wheels	\$15.00

Unless otherwise provided herein, the licence fee to operate a vehicle licenced for one purpose shall be \$91 for each additional purpose authorized by this By-law.	\$91.00
--	---------

Administrative costs

Transfer of Licence - s. 9(4)	\$163.00
Replacement Plate - s. 10(4)	\$40.00
Bicycle Courier Testing - s. 11(1)	\$45.00

Pro-rated license fees

If a person commences owning or operating a vehicle for hire after January 1 in any calendar year, the license fee is to be pro-rated by dividing the applicable annual license fee by 12 and multiplying the resulting number by the number of whole or partial months remaining in that calendar year except that:

- (a) annual licence fees that are less than \$84 will not be pro-rated; and
- (b) the minimum licence fee for any vehicle for hire shall be the lesser of \$84 or the full amount of the annual licence for that vehicle for hire.

City Clerk

SCHEDULE A

Year 2022 Animal Control Fees and Charges

Part 1 - License Fees

Dog (per annum)	\$47.00
Replacement dog tag	\$6.00

Part 2 – Impound Fees

Licensed dog	\$100.00
Unlicensed dog	\$195.00
Licensed aggressive dog	\$361.00
Unlicensed aggressive dog	\$460.00
Fowl, other bird, rabbit, or rodent	\$17.00
Reptile or other animal	\$99.00

Part 3 – Maintenance Charges (per day)

Dog	\$26.00 per day
Aggressive dog	\$34.00 per day
Fowl, other bird, rabbit or rodent	\$5.00 per day
Reptile or other animal	\$35.00 per day
Exotic Bird (Amazon Parrots, African Grey, Cockatoos, Conures, Lorikeets and Macaws)	\$17.00 per day

Part 4 – Adoption Fees

Dog Up to 7 years of age	\$316.00
Dog >7 years old / with ongoing Medical Conditions	\$97.00
Ferret	\$64.00
Rabbit, chinchilla and hedgehog	\$35.00
Guinea pig	\$17.00
Parakeet and Lovebird	\$17.00
Budgie and Finch	\$11.00
Chicken, rooster, duck, pigeon and dove	\$6.00
Mouse, rat, hamster, gerbil and degu	\$6.00

Part 5 – Miscellaneous

Microchipping	\$17.00
---------------	---------

Council Motion: Aligning the Cannabis Licence Fee Structure to Support Vancouver Businesses (Member Motion B.8)

FINAL MOTION AS APPROVED ON FEBRUARY 18, 2021

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;⁴
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;⁵
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;⁶
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;⁷
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;⁸
6. The City of Vancouver requires all cannabis retailers to have a municipal business license, which has a fee of \$33,958 in 2020;⁹
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;¹⁰
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;¹¹
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

⁴ <https://www.justice.gc.ca/eng/cj-jp/cannabis/>

⁵ <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/compliance-enforcement>

⁶ <https://www2.gov.bc.ca/gov/content/safety/public-safety/cannabis>

⁷ <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>

⁸ <https://vancouver.ca/files/cov/vancouver-development-building-permit-fees.pdf>

⁹ City Staff Memorandum 'Cannabis Legalization and Retail Licensing: Costs, Revenue and Analysis', June 29, 2020

¹⁰ <https://council.vancouver.ca/20150624/documents/ptecbylaws.pdf>

¹¹ https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/214_2018

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;¹²

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;¹³
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;¹⁴
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;¹⁵
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;¹⁶

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 provincial Ministry of Finance for Cannabis Excise Tax revenue sharing, consistent with the Federal-Provincial-Territorial Agreement on Cannabis Taxation (Coordinated Cannabis Taxation Agreements 2017, Cannabis Act 2018) and UBCM policy and advocacy (resolution 2018-SR1) in order to offset incremental local government costs including but not listed to municipal administration and support, local government enforcement, planning, zoning, and policing;

¹² https://bylaws.vancouver.ca/4450c.PDF?_ga=2.43659749.1793961635.1607899242-792371063.1607899242&_ga=2.43659749.1793961635.1607899242-792371063.1607899242

¹³ <https://mugglehead.com/vancouver-retailers-pay-highest-licensing-fees-in-country/>

¹⁴ <https://mugglehead.com/vancouver-retailers-pay-highest-licensing-fees-in-country/>

¹⁵ City Staff Memorandum 'Cannabis Legalization and Retail Licensing: Costs, Revenue and Analysis', June 29, 2020

¹⁶ <https://vancouver.sun.com/opinion/dan-baxter-b-c-cannabis-sector-has-ability-to-accelerate-economic-recovery-but-is-hampered-by-unreasonable-policies>

AND 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.

**Council Memorandum on
2021 Business Licence, Vehicle for Hire and Animal Services Fees**



DEVELOPMENT, BUILDINGS AND LICENSING
Licensing and Community Standards

MEMORANDUM

November 2, 2020

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Karen Levitt, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Gail Pickard, Acting Civic Engagement and Communications Director
Rosemary Hagiwara, Acting City Clerk
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Jessie Adcock, General Manager, Development, Buildings and Licensing
Patrice Impey, General Manager, Finance, Risk and Supply Chain Management
Gil Kelley, General Manager, Planning, Urban Design and Sustainability
Lon LaClaire, General Manager, Engineering Services
Sandra Singh, General Manager, Arts, Culture and Community Services
Iain Dixon, Assistant Director, Legal Services
Sarah Kapoor, Director, Financial Planning and Analysis Business Units,
Finance, Risk and Supply Chain Management

FROM: Kathryn Holm
Chief Licence Inspector

SUBJECT: 2021 Business Licence, Vehicles for Hire and Animal Services Fees

As part of the City of Vancouver's annual fee review process, staff have reviewed the current fees, in light of the current COVID-19 pandemic. The City collects licensing-related fees under the following by-laws:

- License By-law No. 4450 (i.e. business licences);
- Vehicles for Hire By-law No. 6066 (i.e. taxis, bicycle couriers); and
- Animal Control By-law No. 9150 (i.e. dog licences)

As set out in the following memo, staff are recommending that given the current circumstances, that the fees remain unchanged for 2021. The 2021 operating budget scenarios that will be considered by Council on November 4, 2020 incorporate an assumption regarding the continuation of current fee amounts. The memo provides details on the rationale behind the

proposed approach and an update on future work identified with respect to business licensing and fees in 2021.

A. APPROACH TO FEES IN 2021

In the fall of every year, staff assess the current fees related to business licences, vehicles for hire and animal services, and as needed, prepare an administrative report for Council recommending an annual fee increase to address inflation and any additional staffing or service needs. Although there is no requirement for the City to annually adjust service fees and other charges, doing so allows for increased revenue to deliver the associated service, without putting additional pressure on property taxes. The unprecedented impact of COVID-19 has resulted in significant financial challenges for many businesses and residents, and the City itself has experienced financial challenges resulting from declining revenues and increasing costs. In reviewing fees for 2021, the City needs to take an approach that balances the need to fund increasing program costs while recognizing the COVID-related financial challenges faced by many businesses and residents.

Staff do not intend to bring forward a report recommending fee changes for business licences, vehicles for hire or animal services in 2021. Rather, staff recommend that the City maintain the 2020 licence fee levels, as currently presented in the three by-laws referenced above. The following considerations led to this decision:

- a) **Revenue impact:** Licence fees are typically increased by inflation on an annual basis (~2%). Holding licensing fees at 0% in 2021 versus a 2% increase equates to an approximate \$420,000 in lost revenue opportunity to the City in 2021. City costs with respect to licensing and related enforcement are projected to increase based on inflationary cost escalation in 2021. Normally these increased costs would be covered through associated Licence fee increases. Staff advise that the last time business and vehicles for hire licence fees were not adjusted upwardly for inflation was in 1995.
- b) **Support for Local Businesses:** Foregoing an annual inflationary increase to licence fees can reduce the financial burden on businesses. This is especially true for restaurants and liquor establishments that pay a higher licence fee than many other business types and are facing additional pressure due to the need to comply with social distancing measures required under Provincial Health Order. Identifying and implementing any further amendments to fees will require analysis and consultation with stakeholders, which was not feasible within the annual renewal timeline.

For service fees outside of those referenced in this memorandum, City staff will continue to review fees as part of the annual budget process and bring forward administrative reports to adjust fees as needed to cover increased annual program costs, while considering COVID-19 impacts and opportunities to advance Council priorities and support recovery.

By foregoing an annual fee increase, no amendments to the License By-law, Vehicles for Hire By-law and Animal Control By-law are required as licence holders will continue to pay the fees currently set out in the fee schedules of the respective by-laws. As such, a Council report and resolution is not required.

The preliminary 2021 budget has been prepared with a 0% increase in business licence, vehicles for hire and animal services fees, which will be outlined as a working assumption in the property tax scenarios presented to Council on November 4, 2020. Council retains the ability and discretion to consider the approach outlined in this memo during the 2021 budget review and approval process. Should Council approve an adjustment to fees for 2021, staff can provide further detail on the implementation and operational impacts related to annual licence renewals, cash flow timing, and by-law amendments.

B. BACKGROUND

Council has historically approved increases to fees and charges for Licensing, Vehicles for Hire and Animal Services to cover rising costs in providing the associated services. A Council decision on fee increases is usually required by early fall to ensure time for staff to implement fee changes on renewal notices sent out to business licence holders in early November. All business and vehicles for hire licences expire on December 31 and are renewed annually. Dog licences are issued on a rolling basis and renewed annually on the date of issuance.

The City issued approximately 60,000 business and vehicles for hire licences and 21,000 dog licences in 2019. Revenue from licence fees totalled approximately \$19.6 million in 2019, a subset of the City's total 2019 revenue budget of \$1.51 billion. In 2020, the City has collected approximately \$19.5 million revenue from licence fees year to date (54,350 Business Licences, 14,000 Dog Licences) and is expecting to end the year roughly \$733K under budget.

Annual business and vehicles for hire licence fees differ by licensing category, as set out in Schedule A of the License By-law and Vehicles for Hire By-law respectively. Approximately 80 percent of licensed businesses in Vancouver pay an annual licence fee of less than \$200. Licence fee increases are typically brought to Council for approval in October, prior to the finalization of the annual budget, as all annual licence fee payments are due in January, and sufficient time is needed to implement fee changes in advance of the due date.

C. JURISDICTIONAL SCANNING

Staff evaluated approaches towards licence fees in response to COVID-19 in other Canadian jurisdictions. Several municipalities in Ontario, including Ottawa, Mississauga, Kitchener, Waterloo and Vaughn, have allowed some businesses whose licences were expiring during a set period of time (i.e. March to September) to defer payment for renewal of their licences and waived any applicable late fee. Note that these cities do not generate significant licensing fee revenue as only defined categories of businesses are required to obtain a business licence, which are issued on a rolling year basis or on a calendar year basis with different expiry dates for different licence categories. As such, these cities in Ontario were able to adopt such measures without a significant decrease to revenue as only a limited amount of businesses stood to benefit from a deferral.

Deferring licence fees is currently not supported by Section 274 of the *Vancouver Charter* which requires all licence fees to be payable in advance. Staff further advise that the financial impact of adopting such measures in Vancouver would be significantly larger due to the requirement under the License By-law for all businesses to obtain a licence, which expires on December 31

of every year.

In May 2020, the City of Edmonton provided a discount of 50% to business licence fees from June 1 through to December 31, 2020 upon request. Staff from the City of Edmonton projected this would result in revenue losses estimated at \$3.1 million. The reduction in business licence fees was part of a comprehensive Economic Recovery Program that included grants for small businesses. This program was funded through a redirection of funding in the City of Edmonton's 2020 budget from Edmonton's economic development agency and Edmonton City Council's office budget. The *Vancouver Charter* prohibits the City from extending grants to businesses.

D. FINANCIAL IMPLICATIONS

Licence fees are typically increased by inflation on an annual basis (~2%). Holding licensing fees at 0% in 2021 versus a 2% increase equates to an approximate \$420,000 in lost revenue opportunity to the City in 2021. City costs to deliver the licensing program and related enforcement are projected to increase based on fixed cost increases in 2021. Normally program cost increases would be covered through associated fee increases; however, given the budget needs to balance at a City-wide level, these costs will need to be absorbed within the Citywide operating budget through increases in property taxes or other revenue sources given business licence revenues cover the costs of the program and generate funds that support other city services.

E. CONCLUSION

Businesses in Vancouver have and will likely continue to be negatively impacted by the ongoing COVID-19 pandemic. To provide some immediate relief to businesses and residents, staff are foregoing an annual inflationary increase to licence fees collected under the License By-law, Vehicles for Hire By-law and Animal Control By-law. Staff will continue to identify and assess further options to amend the various fee schedules in support of businesses and residents in light of the ongoing COVID-19 pandemic.

Please do not hesitate to contact me or Jessie Adcock, General Manager, if you have any questions or concerns.

Kathryn Holm
Chief Licence Inspector
Development, Buildings and Licensing
604.873.7545 | kathryn.holm@vancouver.ca

Summary of cannabis legalization start-up costs

To fully align the City with federal and provincial cannabis legislation and regulations, the City incurred a number of start-up costs, including:

- a) *Policy and regulations development:* City staff across multiple departments, including Development, Buildings and Licensing (DBL), Planning, Urban Design and Sustainability (PDS), and Legal amended or are in the process of amending City by-laws and corporate policies to enable and regulate cannabis retail, licensed cannabis producers, and the consumption of cannabis on City-managed facilities.
- b) *Provincial licence review and administration:* The Province requires local governments to provide input for all LCRB cannabis retail licence applications. As such, significant staff time is spent creating new processes, reviewing public feedback received during public notification, answering inquiries from the applicant and public, and issuing a recommendation to the LCRB.
- c) *Customer and operations support:* New services were developed including additional 3-1-1 support for cannabis-related citizen inquiries and complaints, and a security response to cannabis use in City managed facilities and spaces.
- d) *Compliance and enforcement:* This includes costs related to work done by the City's Property Use Inspectors (PUI), Building Inspectors, Park Rangers and Legal department for by-law enforcement, which remains a municipal responsibility.
- e) *Other programs and functions:* This includes development of training procedures and manuals for staff, and cannabis related communication for the public and staff.

Cannabis retail licence fees in other BC and Canadian jurisdictions

Municipality	First year fees			Renewal fee
	One-time application fees	Annual licence fee	TOTAL	
Calgary	-	\$317	\$317	\$235
White Rock	-	\$500	\$500	\$500
Port Coquitlam	-	\$1,500	\$1,500	\$1,500
Edmonton	-	\$2,500	\$2,500	\$2,500
Saskatoon	-	\$4,500	\$4,500	\$85
Langley Township	-	\$5,000	\$5,000	\$5,000
Victoria	-	\$5,000	\$5,000	\$5,000
Maple Ridge	\$500	\$5,000	\$5,500	\$5,000
Kamloops	\$1,600	\$5,000	\$6,600	\$5,000
New Westminster	\$5,618.16	\$2,683.85	\$8,302.35	\$2,683.85
District of North Vancouver	<i>Application fee: \$2,120 Public notification fee: \$1,855 Profiling fee – Minor: \$38</i>	\$5,100	\$9,113	\$5,100
Abbotsford	\$7,500	\$2,500	\$10,000	\$2,500
Chilliwack	-	\$10,000 (see note below)	\$10,000	\$10,000
City of North Vancouver	<i>Application fee: \$5,000 Processing fee: \$1,500</i>	\$3,691	\$10,191	\$3,691
Vancouver (current)	\$99	\$33,858	\$34,057	\$33,958

Note:

- Other development permit and/or rezoning fees may apply.
- Cannabis retail sale prohibited in Richmond, Surrey, Delta, West Vancouver, Pitt Meadows and the City of Langley. Regulatory framework still being considered in Coquitlam.
- Cannabis retail sale is sole provincially regulated in Ontario and Manitoba.
- Fee in Abbotsford will be reduced to \$2,500, effective January 1, 2022.

Summary of major themes from engagement with cannabis retail industry

Feedback from September follow-up engagement sessions:

A. Phased reduction to licence fees:

- Stakeholders appreciated the reduction to the annual licence fee, but many disagreed with the phased approach, especially the interim 2022 fee of \$13,500 because it was still very high when compared to the City's other retail licence fees, especially for liquor retail;
- Others felt it was more equitable to increase the licence fees of other retailers that sell regulated substances (e.g. liquor and tobacco) because of the higher societal costs from the abuse of those products;
- Long-term retailers, specifically those licensed under the MMRU framework, desired a much larger reduction because they have been paying the existing, elevated fee structure for some time;
- Some argued that the fee reduction was insufficient considering the overall financial burden on retailers from other government imposed fees and taxes (e.g. cannabis excise tax);
- A number of stakeholders were opposed to using business licence fees to fund other, non-licensing related City services.

B. Enforcement:

- Many retailers continue to advance the argument that licensed retailers should not be financially responsible for enforcement on illegal retailers;
- There were concerns about the perceived lack of enforcement on illegal retailers, including online shops that do not operate from a bricks and mortar location within Vancouver (and therefore outside the City's regulatory jurisdiction).

C. Cannabis costs and transparency:

- A number of stakeholders were concerned about the lack of information on the City's cannabis retail cost and staffing model;
- Some felt that the proposed interim fee of \$13,500 is not reflective of the perceived amount of work needed to issue and renew a cannabis retail licence.

D. Development permit and fees:

- A few stakeholders continue to question why a review of development permit fees and processes for cannabis retailers was not part of the work.

Feedback from June engagement sessions:

A. Financial transparency:

- Lack of transparency from the City on cannabis related costs.

B. Enforcement:

- Perception of little or no enforcement from the City on illegal cannabis retailers;
- Strong opinion that retailers should not bear the cost of enforcement.

C. Cannabis retail licence fee structure:

- Many long-time retailers, especially those licensed under the former MMRU regulatory framework preferred a full cost-recovery application fee as it would result in a lower annual licence fee;
- In contrast, some new retailers and Development Permit holders see value in having a lower first year fee (through a lower application fee, with the City's upfront cost recouped through the annual licence fee) to encourage new entrants and competition;
- Many retailers felt that comparing Vancouver with other BC cities was not appropriate because (1) fees in Vancouver should be lower because of the higher number of stores in the City, and (2) other BC cities have not reviewed their fees.

D. Comparison with liquor retail:

- A number of stakeholders questioned why the cannabis retail licence fee is so much higher than other retail fees, especially liquor retail licence fee. There was a perception that there is the same amount of work done by City staff for both the cannabis and liquor retail fees, so the fee amount should be the same.

E. Rebate/refund of licence fee:

- “Legacy” retailers want the City to refund their licence fee payments should the City reduce the cannabis retail fee as recognition for past compliance.

F. Development permit process and fees:

- Many stakeholders questioned why permit fees not included in the analysis given that they have to renew their permits annually – want the city to review those fees and requirement for annual renewal.

Letter from Mayor Kennedy Stewart to Minister of Finance Selina Robinson on Provincial-Municipal Cannabis Excise Tax Revenue Sharing Agreement



MAYOR KENNEDY STEWART

April 12, 2021

The Honourable Selina Robinson
Minister of Finance
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

RE: Provincial-Municipal Cannabis Excise Tax Revenue Sharing Agreement to Support Vancouver Businesses

Dear Minister Robinson:

On behalf of Vancouver City Council, I am sending this letter to request that the Government of British Columbia (the Province) enter into an agreement with the City of Vancouver (the City) for cannabis excise tax revenue sharing. This request was passed in a motion adopted unanimously by Vancouver City Council on February 18, 2021 (Appendix A).

Vancouver City Council is requesting an agreement for cannabis excise tax revenue sharing in order to offset incremental local government costs resulting from the legalization of non-medical cannabis that include, but are not limited to, municipal administration and support, local government enforcement, planning, zoning, and policing.

Provincial-municipal cannabis excise tax revenue sharing agreements are not unique. To date, three provinces (Ontario, Québec and Alberta) have cannabis taxation revenue sharing agreements with local governments. Notably, the Ontario government allocated \$40 million of its projected \$100 million cannabis excise tax revenue to local governments as part of a two-year agreement; with any revenue exceeding \$100 million over the two-year period, to be shared 50-50 with Ontario local governments¹.

Entering into such an agreement would be consistent with both the Federal-Provincial-Territorial Agreement on Cannabis Taxation, as well as UBCM policy and advocacy efforts.

Under the Federal-Provincial-Territorial Agreement on Cannabis Taxation, the federal government retains 25 per cent of excise tax revenue up to \$100 million per year, with the remaining 75 per cent going to provinces and territories. This reflects a federal share that was reduced by 25 per cent in recognition of the costs and responsibilities assumed by local governments. The federal government agreed to share a larger portion of the excise tax revenue with the provinces and territories on the expressed principle that revenues will be re-allocated to local governments to offset their cannabis-related costs, as they bear a significant share of costs related to cannabis legalization.

¹ 2020 UBCM Resolutions Book:
<https://www.ubcm.ca/assets/Resolutions~and~Policy/Resolutions/2020%20UBCM%20Resolutions%20Book.pdf>



Revenue from business licensing fees remains the only cost-recovery mechanism available to local governments, including Vancouver. Formalizing a provincial revenue sharing agreement will allow the City to address the costs and responsibilities resulting from the legalization of non-medical cannabis, without placing the cost burden on legal cannabis retail operators. Vancouver is examining lowering the municipal business license fee to support legal cannabis retailers, which will likely impact Vancouver's ability to resource and support the ongoing transition to the legal cannabis retail market.

Making the legal cannabis market as accessible as possible should be a priority for all levels of government, as it will help grow the economy and provide jobs, while reducing the current costs for enforcement and compliance of illegal operators, as more businesses transition to the legal market.

Vancouver City Council appreciates the Province's commitment to supporting the growth of the legal cannabis industry across British Columbia. We hope you will help us support the cannabis retail industry's potential for growth by entering into an agreement with the City for Cannabis Excise Tax revenue sharing. Moving quickly to formalize this type of agreement will allow Vancouver City Council to unleash the cannabis industry's potential to contribute to economic growth and employment in Vancouver, particularly as we begin recovering from the financial impacts of the COVID-19 pandemic.

Sincerely,

A handwritten signature in blue ink, appearing to read "E C Kennedy Stewart".

Kennedy Stewart
Mayor, City of Vancouver



Appendix A

MOTION: Aligning the Cannabis License Fee Structure to Support Vancouver Businesses

On February 18th, 2021, Vancouver City Council approved the following Motion:

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;

AND 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.

**Letter from Mayor Kennedy Stewart to Minister of Public Safety and Solicitor General
Mike Farnworth on Cannabis Retail Enforcement**



MAYOR KENNEDY STEWART

April 22, 2021

The Honourable Mike Farnworth
Minister of Public Safety and Solicitor General
PO Box 9010 Stn Prov Govt
Victoria, BC V8W 9E2

**RE: Cost-Sharing Agreement for the Cannabis Industry and Increased Enforcement Against Illegal
Retailers to Support Vancouver Businesses**

Dear Minister Farnworth:

On behalf of Vancouver City Council, I am sending this letter to request that the Government of British Columbia (the Province) enter into a cost-sharing agreement for the cannabis industry with the City of Vancouver (the City). Additionally, we request that the Province increase the enforcement efforts of the Provincial Community Safety Unit against illegal cannabis retailers, whose continued operation undermines the legal cannabis industry. Both of these requests were passed in a motion adopted unanimously by Vancouver City Council on February 18, 2021 (Appendix A).

Vancouver City Council is requesting a cost-sharing agreement in order to lower incremental local government costs resulting from the legalization of non-medical cannabis that include, but are not limited to, municipal administration and support, local government enforcement, planning, zoning, and policing.

Provincial-municipal cannabis excise tax revenue sharing agreements are not unique. To date, three provinces (Ontario, Québec and Alberta) have cannabis taxation revenue sharing agreements with local governments. Notably, the Ontario government allocated \$40 million of its projected \$100 million cannabis excise tax revenue to local governments as part of a two-year agreement; with any revenue exceeding \$100 million over the two-year period, to be shared 50-50 with Ontario local governments¹.

Entering into such an agreement would be consistent with both the Federal-Provincial-Territorial Agreement on Cannabis Taxation, as well as UBCM policy and advocacy efforts.

Under the Federal-Provincial-Territorial Agreement on Cannabis Taxation, the federal government retains 25 per cent of excise tax revenue up to \$100 million per year, with the remaining 75 per cent going to provinces and territories. This reflects a federal share that was reduced by 25 per cent in recognition of the costs and responsibilities assumed by local governments. The federal government agreed to share a larger portion of the excise tax revenue with the provinces and territories on the expressed principle that revenues will be re-allocated to local governments to offset their cannabis-related costs, as they bear a significant share of costs related to cannabis legalization.

¹ 2020 UBCM Resolutions Book:
<https://www.ubcm.ca/assets/Resolutions~and~Policy/Resolutions/2020%20UBCM%20Resolutions%20Book.pdf>



Revenue from business licensing fees remains the only cost-recovery mechanism available to local governments, including Vancouver. Formalizing a provincial revenue sharing agreement will allow the City to address the costs and responsibilities resulting from the legalization of non-medical cannabis, without placing the cost burden on legal cannabis retail operators. Vancouver is examining lowering the municipal business license fee to support legal cannabis retailers, which will likely impact Vancouver's ability to resource and support the ongoing transition to the legal cannabis retail market.

Making the legal cannabis market as accessible as possible should be a priority for all levels of government, as it will help grow the economy and provide jobs, while reducing the current costs for enforcement and compliance of illegal operators, as more businesses transition to the legal market.

Additionally, Vancouver City Council is requesting that the Province increase the enforcement efforts of the Provincial Community Safety Unit against illegal cannabis retailers. The continuing operation of illegal retailers is a key driver of municipal costs, as the City undertakes ongoing inspections and pursues legal action.

Entering into a cannabis revenue cost-sharing agreement with the Province and increased Provincial enforcement against illegal retailers, are both priorities for Vancouver City Council.

Vancouver City Council appreciates the Province's commitment to supporting the growth of the legal cannabis industry across British Columbia. We hope you will help us support the cannabis retail industry's potential for growth by entering into a cost-sharing agreement with the City and increasing enforcement against illegal retailers. By working together to support legal retailers, we can unleash the cannabis industry's potential to contribute to economic growth and employment in Vancouver, particularly as we begin recovering from the financial impacts of the COVID-19 pandemic.

Sincerely,

A handwritten signature in blue ink that reads "E Kennedy Stewart". The signature is fluid and cursive, with the first name "E" being a large, stylized letter.

Kennedy Stewart
Mayor, City of Vancouver



Appendix A

MOTION: Aligning the Cannabis License Fee Structure to Support Vancouver Businesses

On February 18th, 2021, Vancouver City Council approved the following Motion:

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;

AND 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.

Letter from Minister of Finance Selina Robinson to Mayor Kennedy Stewart



May 14, 2021

481308

His Worship Mayor Kennedy Stewart
City of Vancouver
Kennedy.Stewart@vancouver.ca

Dear Mayor Stewart:

Kennedy,

Thank you for your two thoughtful letters sent on April 12, 2021, addressed to myself and to the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General, regarding cannabis excise tax revenue. I appreciate you taking the time to share your ideas and feedback with me. As taxation falls under my jurisdiction, I am pleased to respond.

While cannabis revenue is growing, initial targets for sales have yet to be realized and the costs of establishing the provincial regulation framework remain in place. Ministry staff are having active discussions with Union of British Columbia Municipalities (UBCM) members through committee work, and also with First Nations, regarding their requests for revenue sharing.

The Province values its partnerships with local governments throughout the province and First Nations communities. Be assured that we will continue to be transparent with local governments and First Nation communities regarding cannabis taxation revenues as the industry continues to grow.

Thank you again for taking the time to write.

Sincerely,

Selina Robinson
Minister

cc: Honourable Mike Farnworth, Minister of Public Safety and Solicitor General