



Corporation of the Municipality of Temagami

Memorandum to Council

Memo No.
2019-M-024

Staff
 Committee

Subject: Cannabis Retail Stores

Agenda Date:

Attachments: Memo from MHBC, Letter from Minister of Finance

RECOMMENDATION

BE IT RESOLVED that the Council of the Municipality of Temagami receives Memo 2019-M-024 and related correspondence;

AND FURTHER THAT Council 'Opts-out' of the Cannabis Retail operation licenced and controlled by the Province of Ontario;

AND FURTHER THAT Council directs Staff to coordinate public consultation during the month of July prior to Council revisiting this issue in August, 2019.

INFORMATION

The Province of Ontario is in the process of establishing Retail Stores under the Cannabis Licence Act. Presently, the Province has determined that 25 locations will begin operations on April 1, 2019 with further locations possible in the future. Licencing of these retail stores is the responsibility of the Alcohol Gaming and Control Commission of Ontario (AGCO).

Municipalities presently have the option of 'opting-out' which would have the effect of prohibiting retail stores from being located within the municipality. In order to do this, a Council resolution must be passed by January 22, 2019. Should a resolution not be passed the Province will take it to mean that licences can be issued for retail location within the municipality. Should Council resolve to 'opt-out' they can, at a later date, decide to 'opt-in'. There presently is no deadline for this. Also, once it is determined that Council has 'opted-in' there is no opportunity to then 'opt-out'.

In an attempt to simplify, the decision before Council is "If an application is received by AGCO from a potential cannabis retail location within our boundaries do you want the application to be considered in the normal course of AGCO's operations or do you want it to be automatically refused?" While the decision may be based on other factors, this in essence is the question.

If Council does not restrict the ability of retail locations to apply for licencing, other than the regulated distance of 150m from a school, there are no other restrictions other than those that apply to all retail operations (cannabis or otherwise) that can be imposed by a Municipality on the location of such a retail location.

The letter from the Minister of Finance highlights some of the funding being provided by the Province.

Regardless of the opt in/opt out status, the Province is providing funding of at least two payments valued at least \$5,000 to address costs directly related to the legalization of recreational cannabis. There is also a fund being established of \$10 million to address unforeseen circumstances related to cannabis legalization. Priority for this fund will be given to municipalities who have not opted-out. As well, there is a commitment from the Province to share Ontario's portion of federal excise duty on recreational cannabis once if it exceeds \$100 million over the first two years. This would only be available to municipalities that

have not opted out. There is no indication that if you opt-out and then opt-back in if this has any bearing on eligibility for this funding.

While there are many issues that could be considered as this decision is being made it should be remembered what Council is being asked and what is beyond Council's scope of authority. Items such as consumer protection, public safety, and regulatory obligations are at the Provincial level and the question of legality is at the Federal level. Given the hierarchy of decision making, municipalities cannot enact laws that are contrary to Provincial and Federal legislation and therefore this is not within the municipal domain.

The options available to Council are:

1. Council can receive the report with no other action. This would, in essence, amount to Council opting-in which would allow applications for retail cannabis locations to be received and processed by the AGCO.
2. Council can receive the report and opt-out. This would send instructions to the AGCO to refuse applications for retail cannabis locations in the Municipality of Temagami.

If Council chooses Option 2, Council has the ability to reverse this decision at a later point in time. The recommendation made is to select Option 2 until public consultation can occur at a time when the majority of our residents are in the Municipality.

**Prepared by: Craig Davidson,
Treasurer/Administrator**

Reviewed by: