



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** November 16, 2017
From: Cecilia Achiam, MCIP, BCSLA **File:** 12-8000-01/2017-Vol
General Manager, Community Safety 01
Re: **Proposed Taxation Framework for Cannabis Products**

Staff Recommendation

That the comments summarized in the staff report titled, "City of Richmond Submission Regarding Proposed Excise Duty Framework for Cannabis Products", dated November 16, 2017 be approved for submission to the federal government.

Cecilia Achiam, MCIP, BCSLA
General Manager, Community Safety
(604-276-4122)

Att. 2

REPORT CONCURRENCE	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: CJ
APPROVED BY CAO 	

Staff Report

Origin

On November 10, 2017 the federal government published a proposed framework for taxing cannabis products and requested that written comments be submitted by December 7, 2017. The following report outlines the proposed framework presented by the Government of Canada.

This report supports Council's 2014-2018 Term Goal #1 A Safe Community:

Maintain emphasis on community safety to ensure Richmond continues to be a safe community.

This report supports Council's 2014-2018 Term Goal #3 A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

Analysis

The federal government intends to pass legislation to regulate cannabis by July 1, 2018.

On November 10, 2017 the Government of Canada released a proposed framework for taxation of non-medical cannabis and has invited written comments to be submitted by December 7, 2017 via email to fin.cannabis-taxation-cannabis.fin@canada.ca. Attachment 1 provides the proposed excise duty framework for cannabis products from the Department of Finance Canada. This allows less than one month for written comments to be submitted.

The federal government has proposed a taxation regime that includes a proposed excise duty (duty) and the application of the Goods and Services Tax/Harmonized Sales Tax (GST/HST).

Proposed Federal Excise Duty Framework

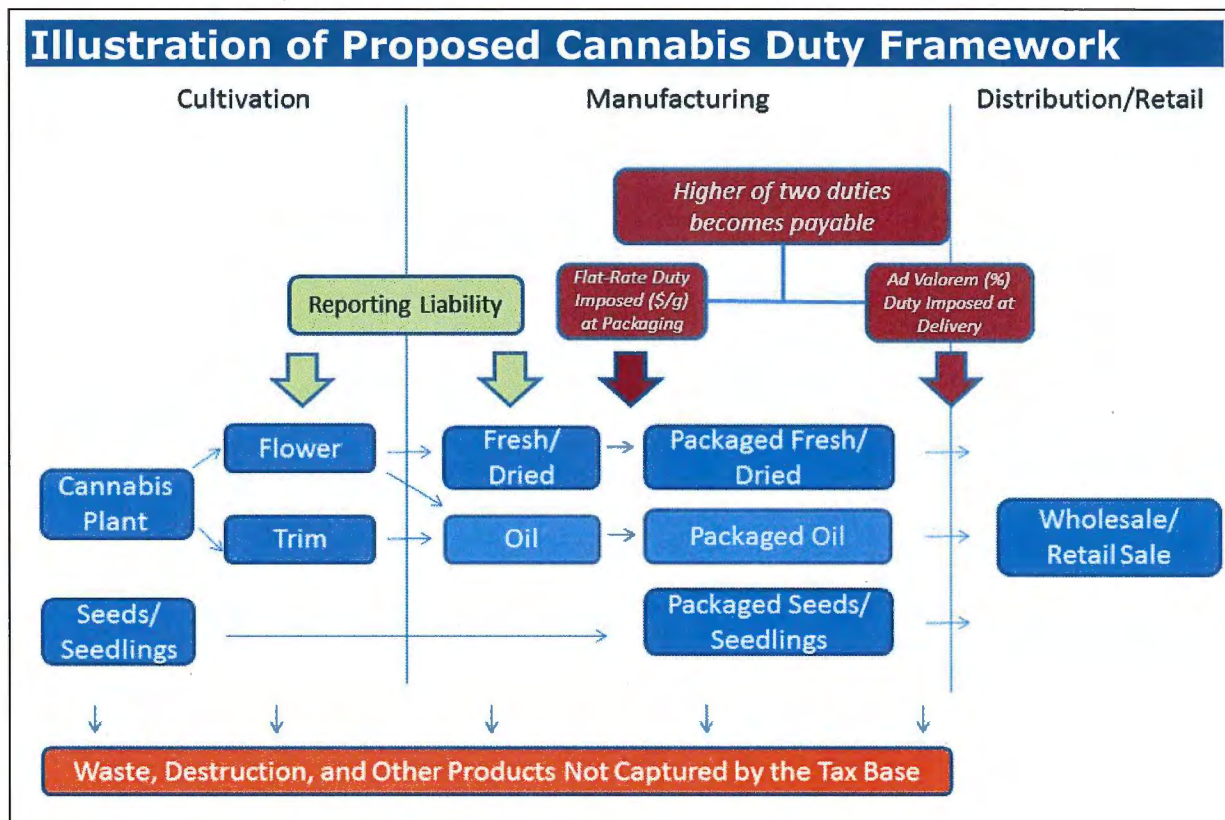
The duty will be applicable to cannabis products which will be available for legal sale, including fresh and dried cannabis, cannabis oils, seeds and seedlings for home cultivation. The framework will be applied to medical cannabis. The duty will be introduced as part of the existing Excise Act, 2001 (Excise Act) that is applied to tobacco, wine and spirits.

The Canada Revenue Agency (CRA) will be tasked with the administration and enforcement of the new duty framework to ensure compliance with administrative rules outlined in the Excise Act. All Health Canada licensed cannabis cultivators and product manufacturers will be required to obtain a cannabis licence from the CRA. As a condition to qualify for the cannabis licence, applicants will be required to qualify for the appropriate licence from Health Canada. See Attachment 1 for the qualification criteria for a cannabis licence.

According to the federal government, the proposed federal excise duty rate would be 50 cents per gram of cannabis, or five per cent of the producer's sale price of the product and this tax room

rate would apply for an agreeing province or territory. Attachment 1 provides a detailed explanation on the application of the tax regime using various scenarios as illustration.

Collectively, the combined duty for cannabis flowering material contained in a final packaged product should not exceed \$1 per gram or 10 per cent of the producer’s sale price; whichever is higher. The duty will be paid by the manufacture and not by the consumer.



Source: https://www.fin.gc.ca/n17/data/17-114_1-eng.asp

Goods and Services Tax/Harmonized Sales Tax (GST/HST)

Cannabis product sales will be taxable under the Goods and Services Tax, as is currently the case for medical cannabis products. Unlike the excise duty, GST is paid directly by consumers at the point of sale.

According to the federal government, revenues raised from the proposed taxation regime will be used to help support investments in public education, enforcement, research and other activities integral to an effective system of legalization and regulation of cannabis. The proposed federal excise duty framework will aim to support the Government’s purposes for legalizing and regulating cannabis, including restricting youth access and deterring illicit activities.

City of Richmond Comments

Without a full understanding on the regulatory framework for the legalization of cannabis in British Columbia, it is difficult for local government to project the costs associated with enforcement, education and outreach. Furthermore, there has not been any clear indication of whether the federal or the provincial governments will be funding all or some of the additional equipment, training or enforcement costs for public safety from the tax revenues generated from the sale of cannabis. Some municipal operations that would be directly impacted include policing, licencing and bylaw enforcement, youth and community outreach.

The proposed federal excise duty rate would be 50 cents per gram of cannabis, or five per cent of the producer's sale price of the product and this tax room should be shared equally between the federal and provincial-territorial governments. The remaining 50 cents per gram of cannabis, or five per cent of the producer's sale price of the product remains unassigned to the two levels of government at this time. Given the impact on local governments, it would seem reasonable that the majority of the unassigned portion of the collected duty be allocated to local governments for policing, enforcement and community education and outreach.

If endorsed by Council, the following comments will be provided to the Department of Finance Canada as the City of Richmond's input into the proposed taxation framework for cannabis products.

1. The City of Richmond strongly opposes the legalization of non-medical use of cannabis;
2. Local governments should be given a significant share of the federal and provincial revenues from the proposed excise duty to offset extra costs for policing, bylaw enforcement, training, community education and outreach;
3. There has been insufficient time given to respond to the Department of Finance Canada's request for feedback;

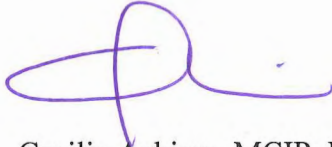
Attachment 2 outlines the resolution passed by Richmond Council on October 23, 2017 in response to the community engagement process carried out by the Province of British Columbia regarding the regulatory framework for the legalization of cannabis in British Columbia. The proposed comments outlined in this report are consistent with the Council resolution from October 23, 2017.

Financial Impact

None.

Conclusion

Summarized above are the proposed comments on the proposed taxation framework for cannabis products to be submitted to the Government of Canada on behalf of the City of Richmond. Staff will prepare a written submission on the City's behalf should these comments be approved by Council.



Cecilia Achiam, MCIP, BCSLA
General Manager, Community Safety
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CA:ks

- Att. 1: Proposed Excise Duty Framework for Cannabis Products
- 2: Council Resolution from October 23, 2017



Proposed Excise Duty Framework for Cannabis Products

1. Introduction and Purpose

The Government of Canada is committed to providing regulated and restricted access to cannabis, to keep it out of the hands of youth and keep profits out of the hands of criminals.

Bill C-45, "an Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code*, and other Acts" (referred to as the "*Cannabis Act*") was introduced in Parliament on April 13, 2017, outlining the framework for legal possession, production, distribution, and sale of cannabis, with an intention to bring this Act into force no later than July 2018 (subject to Parliamentary approval and Royal Assent). As part of the Government's commitment to legalize, regulate, and restrict access to cannabis, it is proposed to introduce a new excise duty framework that imposes duties on cannabis products.

This technical backgrounder seeks to inform Canadians and stakeholders about the proposed federal excise duty framework on cannabis products and to obtain feedback on its design. Canadian stakeholders, businesses and the public are invited to submit feedback as part of the Government of Canada's consultation on the cannabis duty framework on or before December 7, 2017. Written comments should be sent to fin.cannabis-taxation-cannabis.fin@canada.ca.

All measures discussed in this technical backgrounder should be considered as proposals subject to Parliamentary approval.

2. Licensing Background Information

Under the proposed *Cannabis Act*, the federal government will generally be responsible for setting conditions and licensing the cultivation and manufacture of cannabis products while provinces and territories will generally be responsible for regulating their distribution and retail sale (e.g., selecting a retail sales model and detailing requirements for those vendors). In those jurisdictions that have not put in place a regulated retail framework at the time of legalization, individuals would be able to purchase cannabis online from a federally-licensed entity. In addition, adults would be allowed to cultivate cannabis at home (up to four plants per residence) and the current program for access to cannabis for medical purposes would be maintained.

While regulations are still being developed under the proposed *Cannabis Act*, strict packaging and labelling requirements would also apply at the federal level for products destined for the retail market.

In this regard, all products intended for sale to a final consumer at the retail level would be required to be put into their final packaging by a federally-licensed entity and would not be allowed to be altered any further (including repackaging) for the purposes of commercial sale or resale.

For ease of reading, in this technical backgrounder, future licence holders under the proposed *Cannabis Act* are generally referred to as "federal licensees."

3. Overview of Proposed Cannabis Duty Base and Design

Budget 2017 affirmed the Government's commitment to implement a new taxation regime on cannabis and to take steps to ensure that taxation levels remain effective over time.

The proposed federal excise duty framework will aim to support the Government's purposes for legalizing and regulating cannabis, including restricting youth access and deterring illicit activities. This will entail keeping duties low, and working with the provinces and territories to develop and maintain a coordinated cross-country approach to taxation. The new federal excise duty framework is proposed to be in place when cannabis for non-medical purposes becomes available for legal sale.

A new excise duty framework on cannabis is proposed to be introduced as part of the existing *Excise Act, 2001* (the Act), the Act that currently applies excise duties on tobacco, wine, and spirits. The duty will apply to all products available for legal purchase, which will include fresh and dried cannabis, cannabis oils, and seeds or seedlings for home cultivation.¹

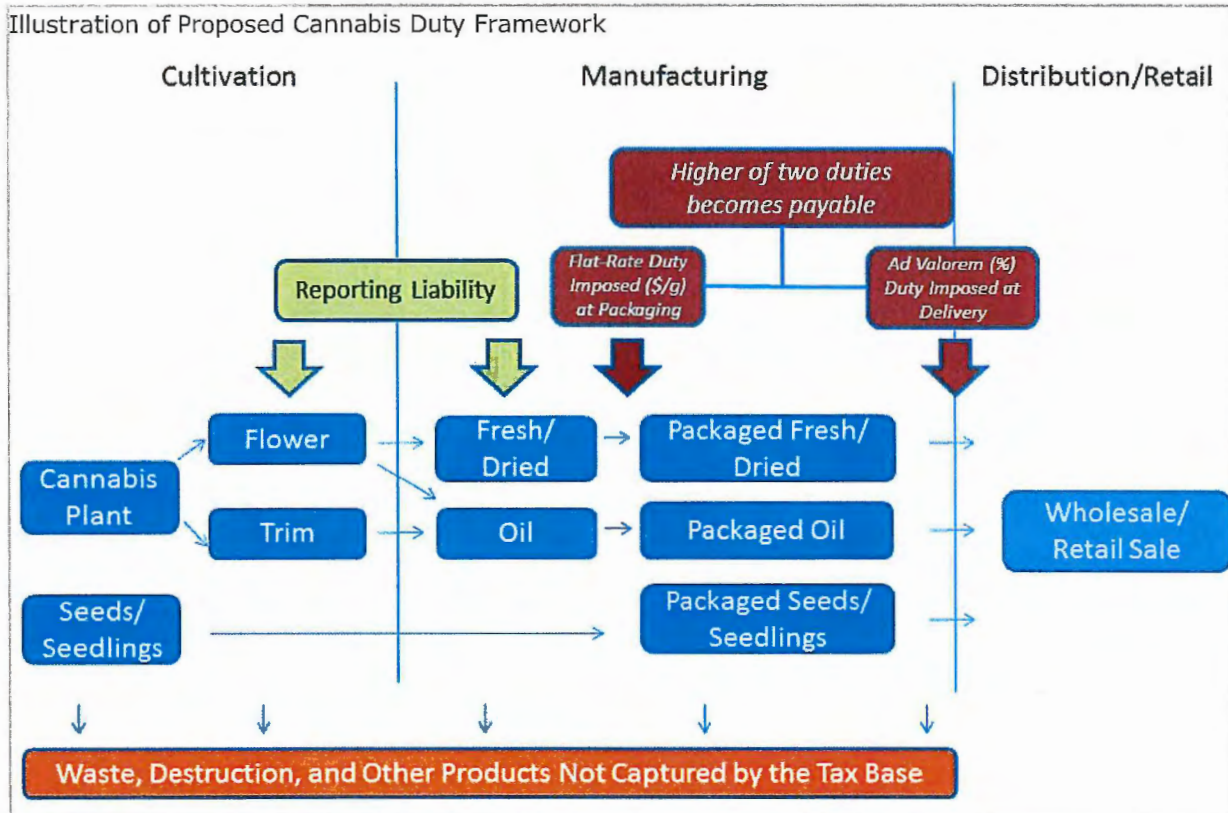
The proposed framework will impose an excise duty that is the higher of a flat rate (e.g., an amount per gram) applied on the quantity of cannabis contained in a final product available for sale, or a percentage (i.e., *ad valorem* rate) of the federal licensee's sale price of the product it has packaged. This approach is intended to provide flexibility in helping support the above-mentioned policy goals by establishing a minimum duty amount for cannabis products while also accounting for changing market conditions and variances in product value and potency. The framework has also been designed to capture a wide variety of products to account for the expansion of available products for sale in the future (e.g., edibles).

The proposed excise duty framework will be applied as follows:

- A flat rate duty will be imposed on the quantity of flowering and non-flowering material (referred to as "flower" and "trim," respectively, in this technical backgrounder) of the cannabis plant, as well as on cannabis seeds and seedlings (in the case of home cultivation).
 - **Flower:** the whole or any part, other than viable seeds, of an inflorescence of a cannabis plant at any stage of development, including the infructescence stage of development.
 - This generally refers to the hairy, sticky, or crystal-covered parts of mature female cannabis plants harvested for their high-potency content.
 - **Trim:** any part of a cannabis plant other than flowers, viable seeds, and a part of the plant referred to in Schedule 2 of the *Cannabis Act*.
 - This generally refers to the plant material, to be used in a cannabis product, after the flowers are removed.
 - **Seedling:** a cannabis plant that has not yet produced flowers, fruits or seeds, or other reproductive structures.
 - This generally refers to clones/immature plants sold for home cultivation purposes.
 - **Seed:** would generally represent a viable cannabis seed sold for home cultivation purposes.

- Generally, the flat rate will be imposed on the quantity of flower/trim packaged for final retail sale or the amount of flower/trim ultimately contained in a manufactured cannabis product (i.e., cannabis oil), at the time of packaging.
 - The flat rate duty will be imposed on a dollar-per-gram basis, or dollar-per-seed/seedling basis in the case of seeds/seedlings.
 - A lower rate per gram will be applied for trim in relation to flower.
 - A product will generally be considered to be “packaged” by a federal licensee when it is in a container intended for sale to a final consumer at the retail level.
- At the time of delivery of a cannabis product from the federal licensee that packaged it to a purchaser (e.g., a provincially-authorized distributor/retailer or final consumer), an *ad valorem* rate will also be imposed on the sale price of the transaction.
- Federal licensees selling to purchasers will be liable to pay the higher of the flat rate or the *ad valorem* rate on the product. The applicable duty will only become payable at the time of delivery to a purchaser.
 - The last federal licensee in the supply chain who packaged the cannabis product for final retail sale will be liable to pay the applicable excise duty.

An illustration of this proposed excise framework within the cannabis supply chain, and the types of products captured in the base, can be seen in the figure below:



4. Treatment of Cannabis for Medical Purposes

Any cannabis products sold under the proposed *Cannabis Act* for medical purposes will be subject to the duty rates and conditions of the excise duty framework, which will become applicable as per the transitional rules section below. Cannabis products that are produced by an individual (or a designated person) for the individual's own medical purposes in accordance with the proposed *Cannabis Act* will not be subject to the excise duty. Seeds and seedlings used in this production will be subject to duty.

5. Duty Rates and Federal-Provincial-Territorial Taxation Coordination

The Government is committed to working with provinces and territories on an ongoing basis to ensure a coordinated cross-country approach to the taxation of cannabis. Provincial and territorial governments will also have a stake in supporting the objectives of cannabis legalization by ensuring any cannabis-specific levies do not lead to prices that may indirectly promote or perpetuate the illicit market. This will mean keeping overall taxes low, with the federal government working with provinces and territories on an ongoing basis to ensure a coordinated approach.

The federal government believes that the total² of federal duty rates and provincial-territorial taxes (or the portion of provincial Crown monopoly mark-ups that are, from a revenue-generating standpoint, similar to a taxation measure) on cannabis products should, subject to modest regional variations to reflect local circumstances, be set at a level of the greater of \$1.00 per gram, or 10 per cent of the sale price of a product, at the outset of legalization. Where provinces and territories agree, coordination could be achieved through the implementation of this level of taxation through federal legislation. Participation in a formalized coordination agreement with the federal government will be the prerogative of provincial and territorial governments.

- This coordinated framework could include a federal rate, with an additional rate in respect of provinces and territories choosing to participate.
- Revenue-sharing would be determined by the actual duty paid by federal licensees in respect of cannabis products intended for the provincial or territorial markets where the products will be sold to the final consumer, less any refunds related to the destruction of duty-paid products intended for those markets.

The proposed federal-only excise duty rates applicable as part of the cannabis excise duty framework can be found in **Table 5.1**, while potential combined federal and additional cannabis excise duty rates (assuming similar rates) as part of a coordinated framework can be found in **Table 5.2**.

Table 5.1: Proposed Federal-Only Excise Duty Rates on Cannabis		
The Higher of the Two Rates Applies		
Cannabis Plant Product	Flat Rate	Ad Valorem Rate
Flower	\$0.50 / gram	5 per cent of the sale price of a cannabis product packaged by a federal licensee to a purchaser.
Trim	\$0.15 / gram	

Seed for home cultivation	\$0.50 / seed	
Seedling for home cultivation	\$0.50 / seedling	
Table 5.2: Potential Combined Federal and Additional Excise Duty Rates on Cannabis		
The Higher of the Two Rates Applies		
Cannabis Plant Product	Flat Rate	Ad Valorem Rate
Flower	\$1.00 / gram	10 per cent of the sale price of a cannabis product packaged by a federal licensee to a purchaser.
Trim	\$0.30 / gram	
Seed for home cultivation	\$1.00 / seed	
Seedling for home cultivation	\$1.00 / seedling	

For illustrative examples of potential applicable excise duty rates for certain cannabis products (i.e., how the duty flat rate and ad valorem rate interact in practice), please see **Table 5.3** for potential federal-only excise duty liabilities and **Table 5.4** for potential combined federal and additional excise duty liabilities.

Table 5.3: Examples of Proposed Federal-Only Excise Duty and GST/HST Liabilities on Certain Cannabis Products							
Product	Quantity of Dried Cannabis Flower Used¹ (g)	Total Flat Duty at \$0.50/g (\$)	Sale Price Pre-Duty (\$)²	Total Ad Valorem Duty at 5% of Sale Price (\$)	Duty Type Applicable	GST/HST (e.g.,13%) (\$)	Final Price (\$)
Dried cannabis		0.50	8.00	0.40	Flat	1.11	9.61
	1	0.50	11.00	0.55	Ad Valorem	1.50	13.05
Cannabis oil (60 ml bottle)	10	5.00	130.00	6.50	Ad Valorem	17.75	154.25
Cannabis oil (soft gels)	5	2.50	52.50	2.63	Ad Valorem	7.17	62.30

* Totals may not add due to rounding.

¹ Assuming the use of only the flower portion of the cannabis plant. Quantities are illustrative and may not necessarily reflect the actual quantity of cannabis used in the products detailed here.

² Prices are illustrative and assume direct sale from a federal licensee to a final consumer.

Table 5.4: For Illustrative Purposes Only—Examples of Proposed Combined Federal and Potential Additional Excise Duty Liabilities, and GST/HST Liabilities, on Certain Cannabis Products

Product	Quantity of Dried Cannabis Flower Used ¹ (g)	Total Flat Duty at \$1/g (\$)²	Sale Price Pre-Duty (\$)²	Total Ad Valorem Duty at 10% of Sale Price (\$)	Duty Type Applicable	GST/HST (e.g., 13%) (\$)	Final Price (\$)
Dried cannabis		1.00	8.00	0.80	Flat	1.17	10.17
	1	1.00	11.00	1.10	Ad Valorem	1.57	13.67
Cannabis oil (60 ml bottle)	10	10.00	130.00	13.00	Ad Valorem	18.59	161.59
Cannabis oil (soft gels)	5	5.00	52.50	5.25	Ad Valorem	7.50	65.25

* Totals may not add due to rounding.

¹ Assuming the use of only the flower portion of the cannabis plant. Quantities are illustrative and may not necessarily reflect the actual quantity of cannabis used in the products detailed here.

² Prices are illustrative and assume direct sale from a federal licensee to a final consumer.

6. Administration

The Canada Revenue Agency (CRA) will be responsible for administering and enforcing the new cannabis duty framework, including ensuring compliance with the general application and administrative rules contained within the Act.

To promote compliance with the cannabis duty regime, penalty and offence provisions broadly similar to those applying to alcohol and tobacco duties will be put in place.

7. Licensing and Registration Requirements

The proposed legislative framework will require all Health Canada-licensed cultivators and manufacturers of cannabis and cannabis products to obtain a cannabis licence from the CRA. Health Canada-licensed cultivators and product manufacturers will be required to obtain a cannabis licence from the CRA for reporting liability purposes, regardless of whether they have a duty liability.

As a condition to qualify for a cannabis licence from the CRA, applicants will be required to concurrently qualify for the appropriate licence from Health Canada.

In line with the current rules under the Act, and in addition to the above requirement, the specific CRA-related criteria for an applicant to obtain a licence will include the following:

- The applicant is not subject to receivership of its debts;
- The applicant has not acted to defraud her Majesty in the past five years;
- The applicant, if an individual, is at least 18 years of age; and
- The applicant has sufficient financial resources to conduct their business in a responsible manner.

Licensing requirements will also include:

- Submitting a detailed application;
- Submitting supporting documents and information proving sufficient financial resources, including a business plan; and
- Providing acceptable security to cover one full reporting period, with a minimum of \$5,000 and a maximum of \$5 million.

Cannabis licences will be issued for a maximum of two years and will not be automatically renewed. A cannabis licensee will have to re-apply at least 30 days prior to the expiry of their licence.

8. Excise Stamping Requirements

All cannabis products that will be removed from the premises of a federal licensee to enter into the Canadian market will be required to be packaged in a container intended for sale at the retail level and will be required to have an excise stamp. As with the current tobacco stamping program, a stamp will need to be affixed to a product:

- In a conspicuous place on the package;
- In a manner that seals the package (i.e., once the package is opened the stamp cannot be in a condition to be re-used);
- In a manner that the stamp remains affixed to the package after the package is opened; and
- In a manner that does not obstruct any information that is required under an Act of Parliament to appear on the package, including Health Canada warnings.

The issuance of stamps will be administered by the CRA and the stamps will be sold through an authorized provider. With respect to stamping within a coordinated taxation framework between federal, provincial, and territorial governments with potentially different duty rates:

- A cannabis licensee (i.e., the manufacturer who packages a product for final retail sale) would have to apply an excise stamp with an indicator (e.g., colour) of the intended provincial or territorial market.
- Diversion of products intended for consumption in a particular province would be subject to penalties.

The Act will also prohibit the possession or sale of any unstamped cannabis products by a person unless otherwise allowed under circumstances prescribed by regulations. These allowances would include allowances for persons licensed or registered with the CRA and may further include allowances for:

- A person who is transporting the product under circumstances and conditions prescribed by regulations;
- An individual or person who has imported the product under special permit (see section 12: Imports and Exports below), not for final sale to consumers; or
- An individual who has cultivated cannabis and/or manufactured a cannabis product in accordance with personal-use/cultivation limits as provided under the *Cannabis Act*.

9. Reporting Requirements

All cannabis licensees will be required to submit to the CRA a monthly duty and information return. The return will be required to include the following information:

- The quantity of products produced;
- The quantity of cannabis-related inputs used expressed in terms of: whole cannabis plants, cannabis flowers, and trim;
- The quantity of cannabis seeds and seedlings intended for home cultivation market;
- The amount of excise duty payable;
- Inventory details: opening, additions, reductions, and closing; and,
- The quantity of products sent for export under a special permit authorization;

All entities in the supply chain before the duty imposition point will have the same reporting liability.

- Inventory discrepancies or any other product unaccounted for by federal licensees will be subject to the relevant duty applicable under the Act and will become payable immediately by that particular licensee.

10. Coming-into-Force

The cannabis excise duty framework is proposed to generally apply on the date that legal cannabis for non-medical purposes becomes accessible for retail sale. The *Cannabis Act* is proposed to come into force on a day or days to be fixed by order of the Governor in Council. Subject to Parliamentary approval and Royal Assent, the Government has indicated that this is proposed to be no later than July 2018. Some provisions of the Act, such as licensing and stamping requirements, are proposed to come into force earlier to facilitate a smooth transition in the period leading up to legalization.

11. Transitional Rules

Under the current *Access to Cannabis to Medical Purposes Regulations* (ACMPR), licensed producers are expanding production and capacity in anticipation of supplying the cannabis market for both medical and non-medical purposes.

Subject to Royal Assent of the bill implementing the proposed amendments to the Act, on the date that cannabis sales for non-medical purposes become legal, the cannabis duty framework will be implemented to ensure the equal duty treatment of cannabis products destined for the retail market regardless of when that product was produced and/or transported to final distributors/retailers.

- Duty will become payable for federal licensees on any cannabis products they have already delivered in advance of the legalization date for eventual retail sale, with the

exclusion of cannabis previously delivered directly to final consumers through the mail under the ACMPR.

- All cannabis products delivered through the mail under the *Cannabis Act* on or after the date of cannabis legalization for non-medical purposes will be subject to the appropriate duty.
- Administrative information, as well as excise stamps, will be available with sufficient time to facilitate this transitory process.

12. Imports and Exports

Under the proposed *Cannabis Act*, it will be illegal to import into or export from Canada cannabis and cannabis products except under very specific circumstances. Import and export of cannabis or cannabis products for medical and scientific purposes will continue to be allowed with the proper permits issued by the Government. In addition, industrial hemp will be allowed to be imported and exported.

- Any exportation of cannabis for medical or scientific purposes through an authorized permit or licence **will not** be subject to excise duty.
- Any importation of cannabis for medical or scientific purposes through an authorized permit or licence **will** be subject to excise duty, unless duty is not payable or relieved through an approved manner (see below).

13. Non-Dutiable Uses of Cannabis and Cannabis Products

Aside from exports of non-duty paid cannabis, the Act will provide certain circumstances in which non-dutiable uses of cannabis and cannabis products will be permitted. For example:

- Duty will not be payable on cannabis and cannabis products taken for analysis or re-worked/destroyed (in a manner approved by the Minister) by a licensee or by the Minister.
 - This will include product delivered to a person prescribed by regulations for destruction by that person in circumstances prescribed by regulations.
- The legislation will also provide the power to relieve the duty on a product prescribed by regulations, or a product used in a circumstance prescribed by regulations, in the future as appropriate.

14. Application of GST/HST

The Goods and Services Tax/Harmonized Sales Tax (GST/HST) applies to a broad base of goods and services with only limited exceptions. In keeping with the broad-base application of the GST/HST, sales of cannabis products (including seeds and seedlings) will be taxable under the GST/HST (as is currently the case).

Amendments to the GST/HST basic groceries provisions of the *Excise Tax Act* are proposed to ensure that any sales of edible cannabis products permitted in the future would be subject to the GST/HST in the same way as sales of other types of cannabis products. In addition, amendments are proposed to relieving provisions for agricultural products to ensure that sales of cannabis products, including seeds and seedlings, will not be relieved under these provisions.

How to Provide Input

Canadian stakeholders, businesses and the public are invited to submit feedback as part of the Government of Canada's consultation on the cannabis duty framework on or before December 7, 2017.

Closing date: December 7, 2017

Written comments should be sent to:

fin.cannabis-taxation-cannabis.fin@canada.ca

In order to add to the transparency of the consultation process, the Government of Canada may make public some or all of the responses received or may provide summaries in its public documents. Therefore, parties making submissions are asked to clearly indicate the name of the individual or the organization that should be identified as having made the submission.

In order to respect privacy and confidentiality, when providing your submission please advise whether you:

- consent to the disclosure of your submission in whole or in part;
- request that your identity and any personal identifiers be removed prior to publication; and/or
- wish any portions of your submission to be kept confidential (if so, clearly identify the confidential portions).

Information received throughout this submission process is subject to the *Access to Information Act* and the *Privacy Act*. Should you express an intention that your submission, or any portions thereof, be considered confidential, the Government of Canada will make all reasonable efforts to protect this information.

¹ Industrial hemp would not be considered cannabis products and would not be subject to excise duties.

² Before GST/HST and general application provincial sales taxes.

Council Resolution from October 23, 2017:

On October 23, 2017, Council adopted the following resolution in response to the community engagement process carried out by the Province of British Columbia regarding the regulatory framework for the legalization of cannabis in British Columbia:

WHEREAS it is important to the City of Richmond to protect the quality of life of its residents and to enact measures to afford such protection, therefore be it RESOLVED:

- 1) *That the comments summarized in the staff report titled, "City of Richmond Submission Regarding Cannabis Legislation and Regulation in BC" and detailed in Table 1, be approved for submission to the Province of British Columbia with the following additions:*
 - a) *that the minimum age to buy, grow, and possess cannabis be 19;*
 - b) *that a copy of the staff report titled, "City of Richmond Submission Regarding Cannabis Legalisation and Regulation in BC" be submitted to the Province along with a letter detailing the following points of clarification:*
 - i. *the City of Richmond strongly opposes the legalization of non-medical use of cannabis;*
 - ii. *that municipalities continue to maintain authority over regulation of land use and zoning as it pertains to cannabis-related land uses;*
 - iii. *the limit for youth personal possession (under age 19) should be 0 grams;*
 - iv. *Provincial regulations should be a minimum and municipalities should be able to impose stricter regulations;*
 - v. *regulations for farm land should be provided;*
 - vi. *municipalities should be given a share of the federal and provincial revenues to offset extra costs;*
 - vii. *there has been insufficient time given to respond to the Province's request for feedback;*
 - viii. *there should be firmer controls on public consumption of cannabis that match public tobacco and alcohol consumption regulations;*
 - ix. *there should be a low tolerance for drug impaired driving for fully licenced (non "new") drivers and zero tolerance for new drivers;*
 - x. *the cultivation, smoking, and use of cannabis and cannabis related products should be prohibited in any place, including residences, where children may reside or be around;*
 - xi. *the maximum number of cannabis plants allowable for personal cultivation should be set by building premises, not by household;*
 - xii. *the legal rights of the landlord (including strata council or owner) to forbid tenants to cultivate, consume, and buy/sell marijuana should be protected;*
 - xiii. *enable the strata council or the building owner to prohibit smoking or cultivation of cannabis in any buildings (such as apartments) with central air ventilation systems; and*
 - xiv. *require any products containing cannabis to be labeled and carry health warnings similar to cigarettes.*

2. *That a letter be sent to the Prime Minister, with copies to the Minister of Justice and Attorney General of Canada, Richmond Members of Parliament, and the federal leader of the official opposition, expressing concern over the inadequate time given to Provincial and Municipal governments to prepare prior to cannabis legalization.*