



# Retail Sales of Cannabis

## Opt In/Opt Out



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# Cannabis Legislation

- Federal government legalized cannabis use on October 17, 2018
- Provincial government established the regulatory framework for private retail stores
- Provincial government committed to allowing private retail stores by April 1, 2019
- Provincial government announced initial phase of 25 stores



# Cannabis Legislation

- Decision to opt out of allowing private cannabis retail stores must be made by January 22, 2019
- Provincial government aligned cannabis use with the Smoke Free Ontario Act (SFOA)
- Alcohol and Gaming Commission of Ontario (AGCO) will be responsible for issuing licences



# Cannabis Legislation

- Intent of the legalizing cannabis for recreational purposes is:
  - To protect access to the youth
  - Provide for public health and safety
  - End illegal sales/black market trade and illicit activities associated with cannabis



# Current Situation

- Recreational cannabis can be legally purchased on-line from the Ontario Cannabis Store (OCS)
- 19 years of age
- 30 g (1 oz) of dried cannabis can be purchased at one time
- Access to medical cannabis will continue to be subject to Health Canada rules



# Licencing

- 3 components to licencing:
  - Retail operator licence
  - Retail manager licence
  - Retail store authorization
- Applications to be processed on line through the AGCO website
- AGCO will complete review and due diligence, including background checks



# Retail Operator Licence

- Allows a person or corporation to operate one or more retail stores
- Must have separate retail store authorization for each store
- Eligibility criteria:
  - 19 years of age
  - Not convicted or charged with certain offences
  - Not have any connection with criminal organization



# Retail Operator Licence

- Not in default of filing a tax return or have outstanding amounts owing
- Not carried out activities not in compliance with certain laws
- Not made false statements on application
- Has a business number with CRA
- If application is made by a corporation, not more than 9.9% of the corporation is owned or controlled by a licenced cannabis producer or affiliate
- Have to be financially responsible, operate in compliance with the law and have control over the cannabis retail business





# Retail Manager Licence

- Retail manager licence is for people who:
  - Supervise, manage or hire employees for a store
  - Manage sale of cannabis
  - Manage compliance issues relating to sales
  - Buy cannabis for the store
  - Enter into contracts for the store



# Retail Manager Licence

- Eligibility criteria:
  - Must be 19 years
  - Must act in compliance with the law
  - Not convicted or charged with certain offences
  - Not connected with a criminal organization
  - Not carried out activities not in compliance with certain laws
  - Has not made a false statement on the application



# Retail Store Authorization

- Retail store authorization required to sell cannabis
- Need separate authorizations for each store
- A person or corporation cannot have more than 75 store authorizations
- To be eligible for a store authorization, must have a retail operator licence when store authorization is issued



# Retail Store Authorization

- Public notice is given by having a notice posted on the proposed site and on the AGCO website
- Written submissions from the public or municipality can be made on-line to AGCO within 15 days of notice being posted
- Comment with regards to matters of public interest:
  - Protecting youth and restricting access to youth
  - Protecting health and safety
  - Preventing illicit activities in relation to cannabis



# Retail Store Requirements

- Located in areas where retail is permitted by zoning
- Must be a separate store, cannot be a kiosk in a store or a store within a store
- Cannot have an outdoor area
- Official cannabis retail seal/decal must be displayed at the entrance
- Store authorization must be posted visible inside the store
- Hours of operation restricted to 9am-11pm



# Retail Store Requirements

- Area where cannabis is received and stored cannot be accessible to the public
- Anyone under age of 19 not permitted to enter the store
- Employees must ask for identification for anyone who looks younger than 25 years
- All employees required to take approved training by the AGCO on responsible sale of cannabis



# Retail Store Requirements

- Only cannabis purchased through the OCS can be sold and it must be in the same packaging
- All sales must be recorded and payment must take place in the store
- Can only sell 30g (1oz) of cannabis at one time
- Cannot hire anyone under 19 years of age
- Information regarding responsible use of cannabis must be made available



# Retail Store Requirements

- Can only sell cannabis, cannabis accessories and shopping bags
- All cannabis and accessories must be displayed so that are not visible by a young person, even outside of the store
- Cannot be sold from a self serve display or from a vending machine
- Regulation requires 150m (500 ft) separation distance from schools





# Phase In of Retail Cannabis Stores

- Temporary cap of 25 store authorizations by April 1, 2019
- Interested parties submit expression of interests by January 9, 2019
- Lottery conducted on January 11, 2019
- Niagara located in west region that has been allocated a maximum of 7 stores
- Located in municipalities with a minimum population of 50,000 people



# Funding

- Ontario Cannabis Legalization Implementation Fund (OCLIF) will provide funding to municipalities, \$40million over two years
  - First payment of \$15 million in January 2019
  - Second payment of \$15 million after January 22, 2019
  - \$10 million for unforeseen circumstances



# Funding

- If provincial portion of federal excise duty on recreational cannabis is over \$100million in the first 2 years, the province will provide 50% of the surplus only to municipalities that have not opted out by January 22, 2019
- Funding is split between lower and upper tier municipalities
- Funds must be used for implementation costs directly related to legalization



# Public Interest

- Matters of public interest are defined by regulation as:
  - Protecting public health and safety
  - Protecting youth and restricting their access to cannabis
  - Preventing illicit activities in relation to cannabis
- Corresponding changes made to criminal code



# Municipal Role

- Deadline to opt in/out to allowing retail stores is January 22, 2019
- If opt out, municipalities can opt in at a later date but will not be allowed to opt out again
- Municipalities cannot licence
- Municipalities cannot specifically zone for cannabis retail stores, they will be allowed in areas where zoning permits retail use
- Municipalities that opt in to allow private licenced retail stores could consider other factors that might influence decision making for the AGCO to consider



# Considerations

- Consumption is legal
- Funding to assist with enforcement, education, paramedic and fire services
- AGCO has proven record with licencing
- Public interest
- Other sensitive land uses
- Wide range of public perceptions and degree of acceptance
- Sale of medical cannabis subject to different rules



# Recommendation

- Staff recommend that:
  - Council opt in to allow sale of recreational cannabis
  - AGCO consider setback of 150m (500 ft) from MCC and Libraries
  - Interim Control By-law be amended to exempt retail sales of recreational cannabis

