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## 2024 OPERATING BUDGET BRIEFING NOTE

### Toronto's Share of the Federal Cannabis Excise Duty

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#### Issue/Background:

- At its meeting on December 13, 2023, City Council directed the Chief Financial Officer and Treasurer to report back through the 2024 budgetary process, on funds that the City of Toronto received and that are pending as the City of Toronto's share of the Federal Cannabis Excise Duty, and to determine whether such funds are an ongoing source of revenue.

#### Key Points:

- In October 2023, staff responded to an Administrative Inquiry which outlined information on the funding the City received to support implementation costs of recreational cannabis legalization ([Item IA11.3](#)).
  - On March 9, 2018, the Provincial Government created the Ontario Cannabis Legalization Implementation Fund (OCLIF) of \$40 million, to assist municipalities with the implementation costs associated to recreational cannabis legalization.
  - The province also committed that, if Ontario's portion of the federal excise duty on recreational cannabis over the first two years of legalization exceeded \$100 million, the province would provide 50% of the surplus to those municipalities who did not opt out of the fund.
  - As Ontario's portion of the federal excise duty on cannabis did exceed \$100 million from October 2018 to October 2022, the Provincial Government allocated an additional \$4 million through OCLIF.
  - In total, the Provincial Government provided approximately \$44 million, which was shared among 366 municipalities ([additional information](#)).
- Of the \$44 million allocated by the Province of Ontario, **the City of Toronto received \$8.971 million in total**. See Table 1 below for further information.
- **The City does not currently expect any further payments associated with cannabis legalization from the provincial or federal governments** as the OCLIF Program is now closed.

- At its meeting on November 27, 2023, the Board of Health requested the Province of Ontario provide an update on the status of the allocation of Federal Cannabis Excise Duty to municipalities and include public health prevention, promotion, policy and enforcement as allowable expenditures in any future municipal allocation of Federal Cannabis Excise Duty.
  - The City has not yet received an update from the Province.
- The funds received from OCLIF were required to be used on implementation costs that directly relate to the legalization of recreational cannabis as stipulated by the Provincial Government. Permitted and eligible costs include:
  - increased enforcement
  - increased response to public inquiries
  - increased paramedic services
  - increased fire services
  - by-law / policy development
- The City has utilized the funds received through the OCLIF to pursue joint enforcement activities. All remaining funds are expected to be used within the next year by Municipal Licensing & Standards as part of its 2024 Staff Prepared Operating Budget.
- Given the City does not currently expect to receive further funding, and given the limited restrictions of use for funds, any remaining funding is not an appropriate ongoing source of revenue for the City of Toronto.

**Table 1: OCLIF Payments to the City of Toronto**

2019			2021	Total Funding Received
1 <sup>st</sup> Payment	2 <sup>nd</sup> Payment	3 <sup>rd</sup> Payment	Final Payment	
\$3,008,705	\$3,681,239	\$1,533,850	\$747,954	<b>\$8,971,748</b>

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