



NSFM OCT - 2 2018

Attorney General
Justice
Office of the Minister

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SEP 21 2018

Geoff Stewart, President of Nova Scotia Federation of Municipalities
Nova Scotia Federation of Municipalities
1809 Barrington St., Suite 1304
Halifax, NS B3J 3K8

Dear President Stewart:

Thank you for your letter of July 19, 2018 in which you provided a copy of the spreadsheet your municipal working committee has undertaken to develop, outlining potential costs areas for municipalities as a result of cannabis legalization. I appreciate that these are difficult to determine given the many unknowns related to legalization.

As you mention, staff from Departments of Justice, Finance and Treasury Board and Municipal Affairs have been working together on this issue. Staff will be reviewing the table and providing feedback to the municipal working committee in the near future.

Like municipalities, the province has had upfront costs setting up the legal cannabis system. While there may be some revenue in the long term, provincial upfront costs have been significant. Municipalities, like the province, must consider what actions are required and what those policy choices will cost and whether they are reasonable. Although the federal government has created expectations regarding the excise tax with municipalities, this was not part of the agreement of the Coordinated Taxation Framework. With little known about what type of revenue can be expected from those duties, it would be premature for us to rely on this source of revenue.

While the province has made many of our policy decisions prioritizing public health and safety, many of these decisions, we expect, reduce the impact on municipal services, that may be seen in other provinces. The *Cannabis Control Act*, in particular the decision of having the NSLC as retailer, reduces the potential issues of zoning and inspection, that municipalities may have had to deal with otherwise.

I would also like to reiterate that law enforcement training costs will be covered by the \$81 million over 5 years that the federal government is providing to provinces and territories. Nova Scotia's portion will be going towards the training of law enforcement as drug recognition experts (DRE), in standard field sobriety testing (SFST), and the new rules outlined in the federal C-46, *An Act to Amend the Criminal Code*. Nova Scotia's law enforcement agencies have invested in training for drug impairment and have the largest per capita ratio of DRE officers in the country. With the federal funding, we are well positioned to combat drug impaired driving.

I would like to briefly address your comment implying that the shut down of illegal dispensaries is to protect the NSLC as the sole authorized retailer. Illegal dispensaries are that, illegal under federal law. They sell unregulated product that comes from unknown sources which is a major public health and safety issue. They are also targets of violent incidents such as armed robberies and arsons. They are public safety risks and for that reason alone, the law should be enforced. You have outlined other areas of potential financial relief. These are areas that I will ask our officials to look into. I will also ask that they look into your request regarding classifying land used for growing cannabis as commercial.

I understand that our officials have been working with the NSFM and the Association of Municipal Administrators (AMA) to provide a venue for conversation and collaboration on this topic. I hope that as we proceed with legalization, we can work together to address issues that may arise. Collaboration and continued dialogue will be key.

Sincerely,



Mark Furey

C: Karen Casey, Minister of Finance and Treasury Board
Chuck Porter, Minister of Municipal Affairs