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B.C. Cannabis

PRIVATE RETAIL LICENSING GUIDE

Applications and Operations

In B.C., the wholesale distribution of non-medical cannabis will be solely through the Liquor Distribution Branch (LDB). The LDB will be the operator of government-run retail stores and the Liquor Control and Licensing Branch (LCLB) will be responsible for licensing and monitoring the retail sector using a mixed public/private model.

The rules governing retail stores will be similar to those currently in place for liquor, and public and private retailers will have similar operating rules. Note that while this document sets out Government's intentions for B.C.'s retail framework, it is subject to legislation yet to be passed at both the federal and provincial levels.

Who is this guide for?

This guide provides information for those who are considering applying for a provincial licence to retail non-medical cannabis. It contains preliminary information to help applicants make business decisions and describes the application process. This information will also assist local governments in preparing for potential retail store applications within their communities.

The Province recognizes that retail access in rural areas will require a different approach than the one employed in urban communities. There is a separate section related to rural areas at the end of this document.

Engagement with Indigenous governments and organizations is an important element in the development of the provincial regulatory framework for non-medical cannabis. To ensure the retail model appropriately addresses the unique considerations that must be taken into account with respect to Indigenous peoples, the Province remains committed to working in partnership with Indigenous peoples, governments and organizations. These discussions are ongoing and will continue beyond the initial date of federal legalization of cannabis.

Who is eligible?

All applicants will be assessed using the same evaluation criteria, which includes obtaining local government support and background checks of police/criminal records which will be examined on a case by case basis.

Application Process

In spring 2018, the Province will launch an online application portal for individuals and businesses who are interested in applying for a non-medical cannabis retail licence. Additional information on applicant registration will be posted on the website <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/cannabis-regulation> as it becomes available.

■ What is the process for applying for a non-medical cannabis retail licence?

When the application portal opens, you may start the application process by entering the required information and documents. This will allow you to provide the required information early so that the assessment of your application can begin as soon as possible once the applicable legislation is passed.

■ How long will the application process take?

The Province is committed to conducting thorough reviews of applicants and applications in order to ensure that licensed retailers will operate in a safe and lawful manner. A significant number of applications are anticipated, and plans are being put in place to enable the applications to be processed as efficiently as possible.

■ Will there be an application fee?

Yes, each applicant will be required to pay an application fee and a licensing fee. The amount of the fees has not yet been determined. Once the fees have been determined, they will be posted here <https://www2.gov.bc.ca/gov/content/employment-business/business/liquor-regulation-licensing/cannabis-regulation>.

Eligibility

■ If I operated an illegal dispensary prior to legalization, am I prohibited from receiving a licence to operate legally?

Having operated an illegal dispensary will not, on its own, exclude you from being considered for a licence. All applicants will be assessed using the same evaluation criteria, including background checks and local government support. Persons who have operated dispensaries prior to legalization will not receive preferential treatment in the provincial application process.

■ Does having a record of criminal activity exclude me, or a shareholder in my company, from obtaining a non-medical cannabis retail licence?

Having a record of criminal activity will not necessarily exclude you from obtaining a licence. As part of the required background check, police/criminal records will be examined on a case by case basis and evaluated in relation to their relevance to the application and the recentness of the activity or offence(s) committed. For example, low risk criminal activity may not exclude a person from becoming a licensee whereas associations with organized crime will exclude a person from becoming a licensee.

■ **I already have a liquor and/or tobacco licence. Am I automatically allowed to sell non-medical cannabis at my liquor store?**

No, you must apply for a non-medical cannabis retail licence. In addition, if you are granted a licence, you will be required to operate the non-medical retail cannabis store in a completely separate business location from any liquor and/or tobacco sales.

■ **If I, a family member, or a business partner, have an interest in a federally licensed producer or processor, can I be considered for a retail licence?**

Yes, a person or company may have an interest in both a producer and a retailer. However, the LCLB will place restrictions on the business relationship between the producer and the retailer. Where there is a close association (financial or otherwise) between a licensed producer and a non-medical cannabis retail business, the retail business will be prohibited from selling any products from the licensed producer. This restriction ensures that the market remains diverse and larger participants do not consolidate and control the market. The Province may create exceptions in the future to support micro-producers.

Application: Required Information

■ **Will I have to undergo a background check?**

Yes, you will be required to consent to a background check in order to be considered for a licence. Policy work is currently underway to determine which members of a corporation, partnership, or other legal business will be required to undergo a background check.

■ **What kind of information do I need to supply to the Province about my company?**

Depending on the type of entity your company is (corporation, partnership, society, etc.) the application system will prompt you to supply the related documents and names of partners, shareholders, directors, officers, and/or senior management.

■ **What information do I have to provide about my proposed location?**

You will need to provide the parcel identifier number (PID), proof of ownership or a copy of a fully executed lease that does not expire for at least 12 months from the date of licence approval, and a floor plan. If additional information is necessary it will be requested during the application process.

■ **Does my store have to be a certain distance from schools or other retailers?**

The Province will not impose distance requirements for non-medical cannabis retailers. However, local governments will have the authority to impose additional requirements. Therefore, you should inquire with your local government about local requirements before committing to a location.

■ **Are there any rules about what I can name my store?**

Your store name must be approved by the LCLB. The name of your store cannot be misleading as to what type of business you operate. As a non-medical cannabis retailer, you cannot choose a name that would lead people to believe you are a provider of medical cannabis. For example, the words “pharmacy”, “apothecary”, and “dispensary” all have meanings linked to the selling of medicines, so these words cannot be used in association with a non-medical cannabis store.

You must also comply with federal legislation and regulations respecting advertising and promotion.

Application: Local Government Requirements

The Province will permit local governments to decide whether they wish to have a non-medical cannabis retail store in their community. For the Province to issue a licence, applicants must have the support of the local government in the community where the proposed store would be located.

■ What is the process for obtaining local government support?

The local government must ask residents in the vicinity of the proposed retail location to comment on how the store would impact the community. The local government must consider this public input when deciding whether or not to support the application and must notify the LCLB of their decision by way of a council resolution.

■ Can I get local government support in advance of the provincial application?

The Province is working with local governments and the Union of B.C. Municipalities to develop the application process, including what information local governments will need to have in order to provide informed comments on the application. Further details will be announced once they are available. In the interim, it is recommended you check with your local government to ensure that you meet any criteria that are specific to your jurisdiction and to ensure that proper zoning is in place.

■ Do public stores have to go through the local government process?

Yes, public stores must also have local government support.

Licences

To sell non-medical cannabis in British Columbia, retailers will be required to obtain a licence from the Province. There will be two types of retail licences for:

- ▶ self-contained cannabis stores, and
- ▶ stores in rural communities.

■ Will there be a cap on the number of non-medical cannabis retail licences issued in B.C.?

The Province is not capping the number of licences issued. However, local governments will have the authority to make local decisions based on the needs of their communities. This means that some local governments may choose not to allow retail cannabis stores, while others may choose to cap the number of stores that are permitted to operate within their jurisdiction.

■ I only want to sell medical cannabis; can I apply for a medical cannabis retail licence?

No, medical cannabis will continue to be sold online by federally licensed producers only. However, like other Canadians, medical users will be able to buy cannabis from retailers of non-medical cannabis.

The federal government has committed to conducting a review of the medical cannabis system in five years.

- **Will there be any restrictions on where a non-medical cannabis retail outlet can be located?**

The Province is not regulating the location of stores. However, local governments may choose to do so. For example, local governments may set requirements about the proximity of a store to another cannabis store, schools, daycares or other places.

- **Will the Province be licensing consumption lounges?**

No, not at this time. The Province is focussed on introducing a safe and responsible retail non-medical cannabis sector; consideration will be given to other types of licences at a later date.

- **Will sales of non-medical cannabis be permitted at outdoor festivals and other events?**

Initially, non-medical cannabis sales will only be permitted at the licenced retail site. Offsite sales may be considered in the future.

Operations

Provincial and federal governments are committed to ensuring that non-medical cannabis is sold in a lawful, responsible manner. To this end, a range of requirements will be put in place; from who a retailer can buy product from, to who may enter a store, to what type of products may be sold.

Operations: Physical store

- **Are there any rules about the physical layout or construction of my store?**

To protect youth, the federal government requires that cannabis products must not be visible from outside your store. There will be many different ways for you to achieve this requirement (e.g. window designs). In addition, please remember that you must comply with federal requirements respecting advertising and promotion.

- **Are there any security requirements for my location?**

You have a strong incentive to secure your premises both during and after operating hours to protect your inventory from theft. The Province is considering what security requirements will be necessary. In addition, local governments may also choose to impose security requirements.

- **Can I sell non-medical cannabis as part of another business such as a liquor store or pharmacy?**

Not at this time. The Province may consider exceptions in the future, but for now, your non-medical cannabis retail store must be a self-contained business.

There will be exceptions for rural stores, similar to rural liquor stores. The criteria for determining rural areas are currently under development.

Operations: General

■ Can minors enter my store?

No. Unlike liquor stores, where minors are permitted if they are accompanied by a parent or guardian, minors must not enter your cannabis retail store.

There will be exceptions for rural stores to allow entrance by minors. The criteria for determining rural areas are under development.

■ What hours can I be open?

Cannabis retail stores can operate between 9 am to 11 pm unless further restrictions are put in place by your local government.

■ Are there any rules around pricing?

Policy work is ongoing and information on pricing will be made available as soon as possible.

■ Is there a limit on how much non-medical cannabis I can sell to a person?

The proposed federal *Cannabis Act* prohibits an individual from possessing in a public place a total amount of non-medical cannabis, in any authorized form, that is equivalent to more than 30 grams of dried cannabis. Non-medical cannabis must not be sold in amounts greater than this.

This means that if you sell different forms of non-medical cannabis to a single customer, the combined total amount sold must not exceed the equivalent amount of 30 grams of dried cannabis.

Equivalent amounts to 30 grams of dried non-medical cannabis for other cannabis products are listed in Schedule 3 of the proposed federal *Cannabis Act*.

■ Can I sell products online?

No, only the public retailer will be permitted to sell non-medical cannabis products online at this time. Consideration may be given to allowing private online sales in the future.

■ Can people consume non-medical cannabis in my store?

No. Consumption of any kind will not be permitted in the store, and providing samples will not be permitted.

■ Can I deliver my products?

No, retailers will not be permitted to offer a delivery service.

■ Do my employees and/or I need any special training or background checks?

In collaboration with industry, the Province will develop a mandatory training program for non-medical cannabis retail employees, which will be implemented over time. The Province will also be developing a registration requirement for employees which will include background checks. Details of this program are still being developed. Information will be provided as soon as that work is complete.

■ **Where do I have to store my inventory?**

All cannabis products will be required to be stored at your retail site. No offsite storage will be permitted.

■ **Will I be required to have a certain product tracking/inventory control system?**

The federal government has committed to creating a national seed-to-sale tracking system. This is currently under development and more information on retailers' responsibilities in relation to this system will be announced as it becomes available.

■ **Can I advertise my product?**

The federal government is regulating the advertisement of cannabis under the proposed *Cannabis Act* (Bill C-45). See the "Further Resources" section at the end of this document for a link to the Bill.

■ **Can my store sponsor events or teams?**

The federal government is regulating sponsorship under the proposed *Cannabis Act* (Bill C-45). See the "Further Resources" section at the end of this document for a link to the Bill.

Supply

■ **How do I obtain non-medical cannabis to sell in my store?**

The LDB will be the only source of legal wholesale non-medical cannabis. Retailers will not be permitted to purchase any cannabis products directly from licensed producers or any other source.

■ **Can I make financial arrangements with federally licensed producers?**

You cannot accept or request any inducement from a producer. This means you must not:

- ▶ pay money to secure access to a supplier's product;
- ▶ request money from a supplier in return for providing benefits such as preferential shelf space;
- ▶ accept money in exchange for agreeing not to stock a competitor's product.
- ▶ make agreements that give a retailer exclusive access to a producer's product, or product line.

■ **What types of non-medical cannabis can I sell?**

You can sell dried cannabis, cannabis oils and seeds that comply with federal requirements.

■ **Can I sell edibles?**

No, the proposed federal *Cannabis Act* does not permit the commercial production of edibles at this time. Therefore, you cannot legally sell them. The federal government has stated that edibles will be regulated within 12 months of legalization.

■ **What else can I sell besides dried cannabis and cannabis oil?**

You may sell “cannabis accessories,” as defined in the proposed federal *Cannabis Act*:

“Cannabis accessory” means a thing, including rolling papers or wraps, holders, pipes, water pipes, bongs and vaporizers that is represented to be used in the consumption of cannabis or a thing that is represented to be used in the production of cannabis.

You cannot sell snacks, tobacco or other non-cannabis related items.

■ **What format will cannabis products be distributed in?**

LDB will distribute pre-packaged product only, with labelling compliant with federal standards, in ready-to-sell formats (no bulk products). The product brands belong to the licensed federal producers.

Retailers will not be authorized to re-package the product with their own branding. Information about specific size formats will be confirmed at a later date.

Inspections and Compliance

To ensure that non-medical cannabis is being sold in a lawful and responsible manner, the Province will establish a compliance program that will include education, inspection and enforcement activities. The focus will be on encouraging voluntary compliance.

■ **How often will I be inspected?**

Your store will be inspected at least once annually and any time the LCLB investigates a complaint about your store.

■ **What happens if I am found to be out of compliance?**

If an inspector observes a contravention of the provincial legislation at your establishment, you will be issued a Contravention Notice and the inspector may recommend enforcement action. Penalties for contraventions are under development, but could include a monetary penalty or a licence suspension or cancellation. There will be a reconsideration process for licensees that wish to challenge the result of an enforcement hearing.

■ **Can the police enter and inspect my store?**

Yes, police can enter and inspect your store to ensure you are operating in compliance with the legal requirements.

■ **What should I do with any product I have obtained from unlicensed sources?**

Once you have been issued your licence you must not sell cannabis obtained from a source other than the LDB.

Rural Areas

The Province is aware that it may be necessary to introduce special provisions for rural areas in order to provide access to non-medical cannabis to rural populations.

- **Can an existing business in a rural area be authorized to sell non-medical cannabis, like they are for liquor?**

The Province is considering this possibility because a self-contained non-medical cannabis retail store may not be a viable business in some rural areas.

- **Will the rural agency store model (RAS) used for liquor be used for cannabis?**

Many of the operational requirements of the RAS model used for liquor may be applied to non-medical cannabis. However, the Province is still evaluating how to best meet the need for rural access.

- **If I operate a RAS, will I automatically be able to sell non-medical cannabis?**

No, if a current RAS operator is interested in retailing non-medical cannabis, they will be required to apply for a licence specifically for non-medical cannabis.

Further Resources

Bill C-45 the draft federal Act can be found here <http://www.parl.ca/LegisInfo/BillDetails.aspx?billId=8886269>

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