

RE: LETTER FROM UNION OF B.C. MUNICIPALITIES WHICH APPEARED ON THE AGENDA
 FOR THE MEETING OF JANUARY 04 (ITEM 3 A)
LIQUOR TAXATION LEGISLATION

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER
 FROM: DIRECTOR FINANCE
 RE: LIQUOR TAXATION LEGISLATION
 1988 February 02

RECOMMENDATION:

That this report be received for information purposes.

REPORT

This report is in response to Council's request of 1988 January 04 for information on changes to Provincial liquor tax legislation. This request arose from Council's consideration of a letter from the Union of B. C. Municipalities regarding annual dues and the issues and challenges facing municipalities in 1988. Council asked if recent changes to liquor tax legislation would impact municipal revenue.

Provincial licencing of the retail sale of liquor is provided through the Liquor Control Licencing Act. This is separate from municipal licencing of businesses serving liquor. The changes in Provincial licence fees will not affect our business licence revenue.

The fees for Provincial licences under the Liquor Control and Licencing Act have been amended effective 1988 March 31. The present annual fee is \$150.00 plus 5% of the gross value of liquor purchased from the Provincial Liquor Distribution Branch. The new fees are:

	<u>Present Licence</u>	<u>New Licence</u>
a) sandwich shop and similar small food concessions including open air stadium facilities (E Class licence)	\$150.00 & 5% purchase	\$250.00
b) restaurants (B Class licence) and food services excluding sandwich shops	\$150.00 & 5% purchase	\$500.00
c) liquor services not covered above, such as public houses, lounges, neighbourhood pubs, etc.	\$150.00 & 5% purchase	\$1,000.00

Other changes increase the cost of special events licences, the cost of transferring licences, and alter the conditions of a licence such as seating capacity. Also changed is the maximum capacity for cabarets from 225 to 350 persons. The sale of beer and other permitted products for off-premises consumption must now terminate at 11:00 p.m.

The Province, as part of their licencing procedure, requests Municipal approval for hotels, recreational facilities, cabarets, neighbourhood and marine public houses and approval for closing hours of neighbourhood pubs and pubs within hotel beer parlours. Also, it is a condition of Provincial licences that the licensee hold a valid local business licence. The Province is currently dealing with a liquor policy review which could result in expansion of the role of municipal authority in licencing liquor outlets. We will report on this review when appropriate.

The Municipal Act empowers Council to require a business licence or collect a tax from persons who have obtained a provincial licence to sell liquor. Only one of three available options may be used. The options are:

1. Collect an annual tax of not more than 20% of the provincial liquor licence fee.
2. Collect an annual business tax of not more than 10% of the gross annual rental value of the premises occupied by the business. Rental value would be as established by the B.C. Assessment Authority.

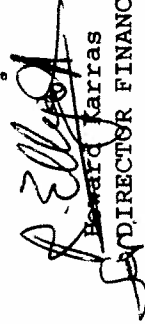
NOTE: from 1966 to 1977 Burnaby collected a business tax. It was repealed when amendments to the Assessment Act created a more equitable taxation base.

3. Require a business licence.

Some communities in B.C. collected a tax using option 1. Now that the Province has introduced a flat licence fee rather than a licence fee based on a percentage of revenue - those municipalities who taxed under option 1 will likely lose revenue. That is the issue that the U.B.C.M. will address in 1988.

Burnaby is not affected because the sale of liquor requires a business licence as provided in option 3. Inspection and administration costs of processing and issuing licences are taken into consideration when establishing the business licence category and fee. Our annual fees range from \$134.00 for a small restaurant to \$474.00 for a hotel with full liquor service.

This is submitted for the information of Council.


Edward Farris
DIRECTOR FINANCE

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